



Draft



ANNUAL REPORT

2020/21

OUR VISION

To provide a sustainable, thriving and cohesive community where lifestyle, culture, health and wellbeing are supported by strong leadership and community partnership.



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INTRODUCTION



CHIEF EXECUTIVE OFFICER OVERVIEW



'Your present circumstances don't determine where you can go; they merely determine where you start.'

Nido Qubein

In a year that saw us go in and out of lockdown we were able to return to normal service delivery as it became safe and we could adhere to the COVID-19 restrictions. As a Council we remained focused on health and safety and continuing the many services that we deliver to the community.

Now is not the time to let our present circumstances determine where we can go. We need to remain focused on the bigger picture whilst respecting the current situation.

Last year I wrote about the growth of our municipality and the need to be masters of our own destiny and to seize the positivity that is present in our community. It is this that we have remained focused on whilst being acutely aware of the challenges of the global pandemic.

Our Annual Report is a key document that provides an overview of our progress against the Council Plan and the many programs that we delivered and the projects completed in 2020/21.

The new Council, that was sworn in on the 18 November 2020, worked tirelessly to ensure the Council Plan is implemented.

At the end of 2020/21, Council's financial report records an operating surplus of \$5.469m for the year and an end of year cash balance of \$12.412m, after completing \$5.967m of capital project works during the year.

Major capital projects for 2020/21 included:

- Completed transfer station buildings and e-waste shed at the Benalla Landfill and Resource Recovery Centre.
- Carried out upgrades to the Benalla Aquatic Centre.
- Completed the new amenities building at the Arundel Street sports precinct.
- Purchased a 'Jetpatcher' road maintenance unit for greater road work efficiencies.
- Council allocated \$335,000 to 24 community infrastructure improvement projects.
- Electrical upgrades to the Benalla Town Hall and Benalla Senior Citizens Centre that will enable the two sites to operate off the grid in the event of an extended period of power outage.
- Installed additional playground equipment at the Benalla Splash Park.

In the 2021 Local Government Community Satisfaction Survey, Benalla Rural City Council's overall performance is rated higher than the average rating for councils in the Small Rural Group and increased by four points from 2020.

With the above in mind, we have room for improvement, and we will continue a path that will improve our decision making and relegate moral judgement to after thoughtful deliberation.

I would like to thank both the State and Federal governments for their continued financial support of this community.

Finally, I would like to thank my fantastic and dedicated staff who continue to work tirelessly for the community; elected members for their dedication, passion and guidance; the community for continuing to engage with the Council on the many issues that impact your daily life; and the many volunteers that assist the Council and the community.

Dom Testoni
Chief Executive Officer

THE YEAR AT A GLANCE



JULY

- Victoria locked down for the second time since the start of the pandemic as COVID-19 transmissions increase. Benalla Rural City records no cases.
- Benalla's hospitality businesses and retailers show remarkable resilience by adopting new ways of doing business such as switching to take away options, food deliveries and online trading.
- The Benalla Resource Recovery Centre Transfer Station Construction contract was awarded.

AUGUST

- A new sign on the outside wall of the Sir Edward 'Weary' Learning Centre (Benalla Library) promotes the national sexual assault, domestic family violence counselling service at 1800RESPECT.
- A range of Governance policies is adopted to ensure Council's compliance with the *Local Government Act 2020*.

SEPTEMBER

- The local government election period commences on 22 September, with additional restrictions placed on decisions and announcements by the current Council.
- The Age Friendly Benalla Strategy is completed and endorsed by the Council.

OCTOBER

- Council elections are held on 24 October.
- Council distributes \$335,000 across 24 community projects as part of the Australian Government's drought funding program that recognised the Benalla local government area as experiencing hardship due to the drought.
- NAIDOC Week is celebrated with the Benalla Aboriginal and Torres Strait Islander Advisory Group and guests in the Aboriginal Gardens on Thursday 29 October 2020.

NOVEMBER

- The new Council is sworn in on 18 November. The newly appointed group of Councillors will hold office until September 2024 and includes five former and two first time Councillors.
- A newly purchased jet patcher road maintenance unit is taken into service to help maintain our sealed road network. The jet patcher enables rapid response repair of potholes, edge maintenance and full width seals.

DECEMBER

- Construction starts on three outdoor basketball half courts in the Benalla Skate Park precinct.
- Benalla Landfill Cell 3 Construction contract awarded.
- Council signs up for \$900,000 in funding from the Victorian Government's Working for Victoria program developed in response to the COVID-19 pandemic.



JANUARY

- Lake Benalla is drawn down to control the aquatic Cabomba weed. Cabomba smothers native aquatic vegetation, clogs pumps and filters and compromises water quality.
- Benalla celebrates Australia Day on 25 January with events at the Benalla Performing Arts Centre, the Botanical Gardens and the Ceramic Mural.

FEBRUARY

- Arundel Street Ovals Sports Facility completed and handed over to user groups.
- Integrated Family Services pass biannual maintenance audit.

MARCH

- Benalla Art Gallery feasibility study, concept plan and business case finalised.

APRIL

- Commence community consultation on the Council Plan 2021-2025.
- ANZAC Day commemorations are held with the traditional Dawn Service in the memorial precinct in the Benalla Botanical Gardens, followed by a march across the Monash Bridge and a ceremony in the memorial precinct.
- A new playground and a boulder park open near the splash park on the Lake Benalla foreshore.
- Minister Jaala Pulford MLC announces a grant for \$120,000 Regional Digital Fund to consolidate Buy From projects around our region and support local business to trade online under the Buy From North East Vic banner.

MAY

- Young Benalla FReeZA committee volunteers put on a successful all-ages concert.
- Plastic Wise policy adopted.

- Construction begins on an extension of the Aboriginal Garden. Plans have been developed together with the Tomorrow Today Foundation and community members. The project received funding from the Victorian Government as part of the 'Growing Victoria's Gardens' program.
- National Volunteer Week celebrated with volunteers receiving a certificate and gift. Volunteers celebrating a significant milestone received a badge or trophy.

JUNE

- Weighbridge Automation project completed.
- Council joins Goulburn Murray Climate Alliance to work collaboratively with members to actively respond to climate change.
- The L2P learner driver program supported by the TAC postpones 10-year anniversary celebrations due to COVID-19. Ten young people obtained their probationary licence during the year under difficult circumstances.

HIGHLIGHTS



DEVELOPMENT

An influx of new residents from metropolitan areas and increased employment opportunities saw strong demand for housing in Benalla and the surrounding rural communities. Over the past 12 months, a total of 106 residential lots have commenced construction and are nearing completion. An additional 41 residential lots completed construction. The re-zoning of land to the northwest of Benalla created additional residential land supply for 300 new residential lots.



SPLASH PARK

Hundreds of people enjoyed the first weekend of Benalla's long-awaited splash park. Located on the foreshore of Lake Benalla, near the Benalla Aquatic Centre and Visitor Information Centre, the splash park was funded by the Victorian Government and officially opened on Friday 13 November.



AQUATIC CENTRE REFURBISHMENT

The many forced COVID-19 periods of closure at the Benalla Aquatic Centre presented a significant opportunity to update the aging Aquatic Centre.

Refurbishments included re-tiling pools, interior and exterior painting, water supply repairs and general maintenance. The \$300,000 works project was made possible with a grant from the Federal Government's Drought Communities program.



CHRISTMAS CAMPAIGN

The *Buy from Benalla* Christmas campaign and the Window-to-Window Festival were two initiatives launched to promote local retail and stimulate economic activity during the Christmas period.

Funds raised by Council staff, a donation from the Benalla RSL and gifts donated by the Lurg community group all contributed to a Christmas surprise for children registered with our Family Services program. More than 80 gifts were distributed to local children by Council staff.



BENALLA ART GALLERY

Benalla Art Gallery presented Regathering, an exhibition informed by the Benalla community's shared experiences of COVID-19 during 2020.

Regathering marked a significant new partnership, with this being the first time RACV has loaned a large body of art works to a regional gallery. The exhibition is also supported by MPavilion - Australia's leading architecture commission and cultural laboratory - to support regional communities through art and encourage conversation around social issues impacting Victorians.



LIVE 4 LIFE

More than 80 Year 8 students from Benalla P-12 College participated in the launch of the 2021 Live4Life Program at the Benalla Showgrounds on Wednesday 17 March 2021. The event marked the beginning of the fifth year of the award-winning mental health initiative for young people in Benalla. It provided an opportunity for young people to learn about mental health and to reconnect and have some fun after a challenging year.



NEW TRANSFER STATION

The building component of the Benalla Landfill and Resource Recovery Centre Transfer Station project was completed in June 2021. The station will make disposing of waste safer, easier and more environmentally friendly. The new layout includes an undercover e-waste and recyclables area.

FINANCIAL SUMMARY

The Council's financial position continues to remain sound, however, ongoing underlying surpluses continue to be a challenge with the Council reliant on funding from other levels of government to ensure its long-term financial sustainability.

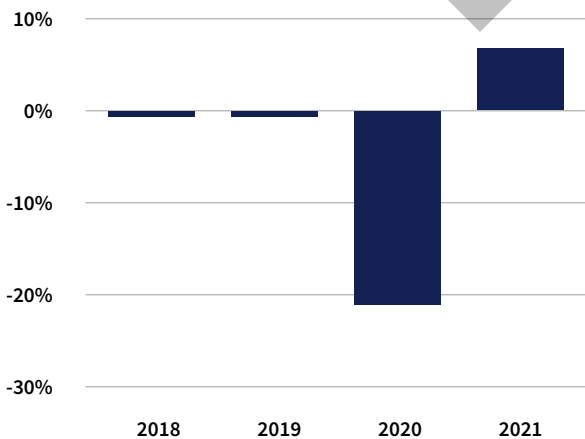
A summary of our performance is outlined below. Detailed information relating to the Council's financial performance is included within the financial statements and performance statement sections of this report.

OPERATING POSITION

Council achieved a surplus of \$5.469 million in 2020/21. This surplus compares favourably to the prior year deficit of \$3.897 million. As per the Comprehensive Income Statement in the Financial Report, the favourable variance is mainly due to the receipt of unbudgeted operating grant income (\$4.979 million more than budgeted) and (\$1.850 million more than budgeted) that will be expended in 2021/22.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$2.3 million or 7 per cent when compared to adjusted underlying revenue.

Adjusted underlying surplus (deficit)

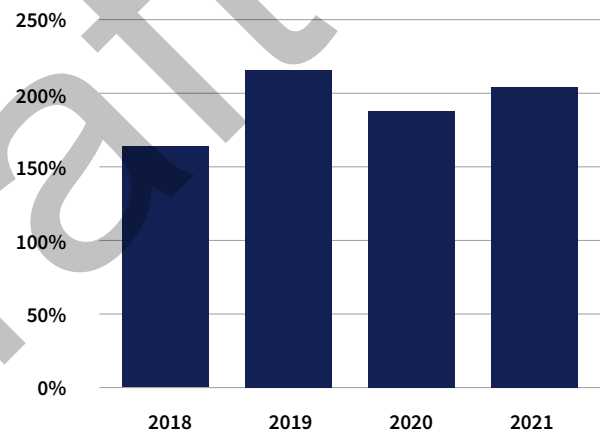


LIQUIDITY

Cash has increased by \$2.835 million from the prior year mainly due to the draw down of \$1.900 million of new borrowings toward the end of 2020/21 to part fund capital works projects.

The working capital ratio, which assesses the Council's ability to meet current commitments, is calculated by measuring the Council's current assets as a percentage of current liabilities. The Council's result of 203 per cent is an indicator of satisfactory financial position and within the target band.

Working capital ratio



A summary of the Council's financial position for the past four years as at 30 June can be found in the table below.

	2016/17 '000	2017/18 '000	2018/19 '000	2019/20 '000	2020/21 '000
Total Revenue	\$32,244	\$30,235	\$32,933	\$35,517	\$37,769
Total Expenses	\$29,714	\$29,852	\$31,396	\$39,414	\$32,300
Surplus (Deficit)	\$2,530	\$383	\$1,537	(\$3,897)	\$5,469
Working Capital	157%	164%	215%	187%	202.61%
Total Assets	\$222,053	\$256,063	\$274,118	\$270,394	\$288,578
Net Assets	\$203,687	\$238,477	\$255,012	\$249,551	\$263,346
Rates and Charges	\$16,261	\$16,819	\$17,702	\$18,487	\$19,027
Rates/Adjusted Underlying Revenue	52%	57%	56%	57%	55%
Indebtedness (Non Current Liabilities / Own sourced revenue)	57%	52%	54%	52%	50%
Capital Projects	\$5,047	\$5,107	\$4,502	\$5,119	\$5,469

DESCRIPTION OF OPERATIONS

Benalla Rural City Council is responsible for more than 100 services, from family and children's services, parking regulation, open space maintenance, youth services, waste and recycling management; to matters concerning business and tourism development, planning for appropriate development, governance and financial accountability.

We govern for and on behalf of the community. Our role includes:

- providing good governance for the benefit and wellbeing of the community
- complying with relevant law when making decisions
- giving priority to achieving the best outcomes for the community, including future generations
- promoting the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks
- engaging the community in strategic planning and strategic decision-making
- pursuing innovation and continuous improvement
- collaborating with other councils and governments and statutory bodies
- ensuring the ongoing financial viability of Council
- taking into account regional, state and national plans and policies in strategic planning and decision-making
- ensuring transparency of Council decisions, actions and information.

MAJOR CAPITAL WORKS

During 2020/21 \$5.967 million of capital works were undertaken, with \$3.212 million of new asset expenditure, \$1.880 million of asset renewal, \$181,000 of asset expansion and \$694,000 of upgrade expenditure.

Key projects included:

Buildings, including refurbishment works at the Benalla Aquatic Centre, Benalla Senior Citizens Community Centre and Benalla Drill Hall Community Activity Centre.	\$1.192 million
Plant, machinery and equipment, including purchase of a 'Jet Patcher' road maintenance unit and a wheel loader for the Benalla Landfill and Resource Recovery Centre.	\$820,000
Computers and telecommunications, including COVID-19-related information technology upgrades and weighbridge automation at the Benalla Landfill and Resource Recovery Centre.	\$390,000
Roadworks	\$1.450 million
Footpaths	\$216,000
Waste management, including construction of Cell 3 and transfer station works.	\$1.053 million
Parks, open spaces and streetscapes, including construction of a Boulder Park and playground at the Benalla Splash Park, construction of outdoor basketball courts and refurbishment works at the Benalla Saleyards.	\$524,000

ECONOMIC FACTORS

The COVID-19 pandemic continued to impact the local economy and the Council's operations. While user fees decreased with temporary closures of facilities such as the Benalla Aquatic Centre and the Benalla Performing Arts and Convention Centre, the decrease in revenue was more than offset by the receipt of additional grant funding from the Victorian and Australian governments.

The Council's COVID-19 Financial Hardship Policy continued to be implemented throughout the year with no penalty interest charged.

Benalla Rural City continued its strong rate of population growth, which continued to put pressure on the local property market. This was reflected by a large increase in income received from Building and Planning fees. In 2020/21, 252 planning decisions were made and 395 Building permits issued for \$51.49 million of works.

MAJOR CHANGES

Following an organisation review, a new department, Assets and Infrastructure, was created with a new manager appointed. The department incorporates the asset management, capital works, operations, recreation and waste management functions.

To improve the customer experience and to ensure better oversight, the Council's information technology function, including the IT help desk, was brought back 'in-house' after several years of being outsourced.

MAJOR ACHIEVEMENTS

A new Council was elected in November 2020. Four councillors were re-elected: Cr Danny Claridge, Cr Peter Davis, Cr Don Firth and Cr Bernie Hearn and three new councillors elected: Cr Punarji Gunaratne, Cr Justin King and Cr Gail O'Brien. Cr Claridge was elected mayor.

A significant amount of time and resources was allocated to ensuring the Council met requirements of the new *Local Government Act 2020*. Key documents adopted by the Council were the Councillor Code of Conduct, Community Engagement policy, Gift Policy, 2021/22 Budget and Revenue and Rating Plan. Work also started on the development of the Financial Plan, Council Plan 2021-2025 and Community Vision.

ABOUT US

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OUR MUNICIPALITY

POPULATION

14,137

AREA

235,264 HA

TOWNSHIPS

BENALLA
BADDAGINNIE
DEVENISH
GOORAMBAT
SWANPOOL
THOONA
TATONG
WINTON

DISTANCE TO MELB

193 KM

RATEABLE PROPERTIES

8,086

COUNCIL EMPLOYEES

122.4 EFT

COUNCILLORS

7

Benalla Rural City is 193km north-east of Melbourne and is centred in the Broken River valley. The current estimated resident population of Benalla Rural City is 14,137 (ABS 2020), with approximately 9,000 residents in the Benalla urban area and the remainder living in and around our smaller towns.

Benalla Rural City is divided by the Hume Freeway with hills, valleys, grazing land and forests to the south and plains and rolling hills used as cropping and grazing land to the north.

The communities south of the Freeway are Archerton, Boho South, Glenrowan West, Lima, Lima South, Lurg, Molyullah, Moorngag, Samaria, Swanpool, Tatong, Upper Lurg, Upper Ryan's Creek, Warrenbayne and Winton. Communities to the north are Baddaginnie, Boweya, Boxwood, Broken Creek, Bungeet, Chesney Vale, Devenish, Goomalibee, Goorambat, Stewarton, Taminick, Tarnook and Thoona.

Our largest employing industries are health, manufacturing and agriculture. The main employers include Benalla Health, Royal Freemasons Benalla Care Home, Estia Health and Cooina Aged Care. The manufacturing sector includes Thales Australia, D & R Henderson Pty Ltd, Schneider Electric (Australia) Pty Ltd and LS Precast.

Our rural areas are recognised for their good soils and access to irrigation. The major agricultural industries include wool and meat production and broadacre cropping. Agricultural diversification has seen a rise in viticulture and other more intensive forms of horticulture and forestry.

With two large solar farms operational in Winton and Glenrowan West and a further two in development near Goorambat, Benalla Rural City is playing its part in green energy production in Victoria.

Benalla Rural City offers a choice of primary and secondary schools, a TAFE college, comprehensive health services and participation opportunities including sport, music, wine and art. Benalla Rural City has well developed disability, aged and child care services.

Some of the main visitor attractions include Winton Motor Raceway, Benalla Art Gallery, Winton Wetlands, the Silo Art Trail and more than 60 street art murals in and around Benalla.

OUR COUNCIL



Benalla Rural City Council
PO Box 227, Benalla VIC 3671

Customer Service Centre
1 Bridge Street East, Benalla

Phone: (03) 5760 2600

Fax: (03) 5762 5537

Email: council@benalla.vic.gov.au

benalla.vic.gov.au

VISION

To provide a sustainable, thriving and cohesive community where lifestyle, culture, health and wellbeing are supported by strong leadership and community partnership.

PURPOSE

Through leadership and quality service we will meet our community's needs and aspirations with a focus on thoughtfully planned growth to maintain and enhance the high productivity of our collective community.

VALUES

We will:

- Construct plans and govern the community of Benalla Rural City with unwavering **ACCOUNTABILITY**
- Strive for **CONTINUOUS IMPROVEMENT**
- Make judgments based on sound research and participate in decision making that meets the needs of the whole community in solid **EQUITY**
- Act with transparency, truthfulness and **INTEGRITY**
- Provide clear, innovative and strong **LEADERSHIP**
- Serve our community, environment and council with **RESPECT**



OUR COUNCILLORS



MAYOR

CR DANNY CLARIDGE

First elected: Oct 2016
Re-elected: Oct 2020



DEPUTY
MAYOR

CR BERNIE HEARN

First elected: Oct 2016
Re-elected: Oct 2020



CR PETER DAVIS

First elected: Nov 2005
Re-elected: Nov 2008, Oct 2012,
Oct 2016, Oct 2020



CR DON FIRTH

First elected: Nov 2008
Re-elected: Oct 2016, Oct 2020



CR PUNARJI HEWA
GUNARATNE

First elected: Oct 2020



CR JUSTIN KING

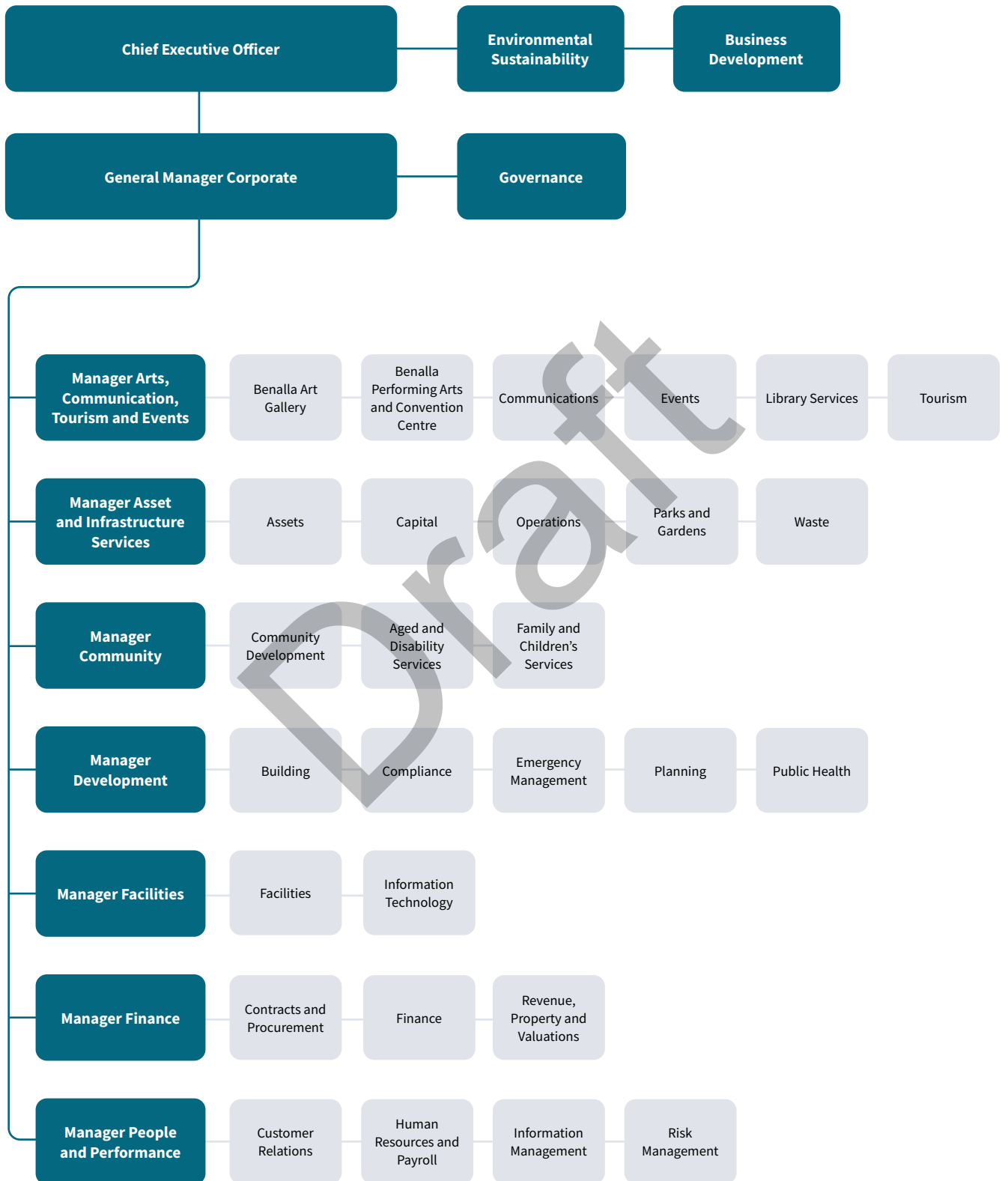
First elected: Oct 2012
Re-elected: Oct 2020



CR GAIL O'BRIEN

First elected: Oct 2020

OUR ORGANISATION

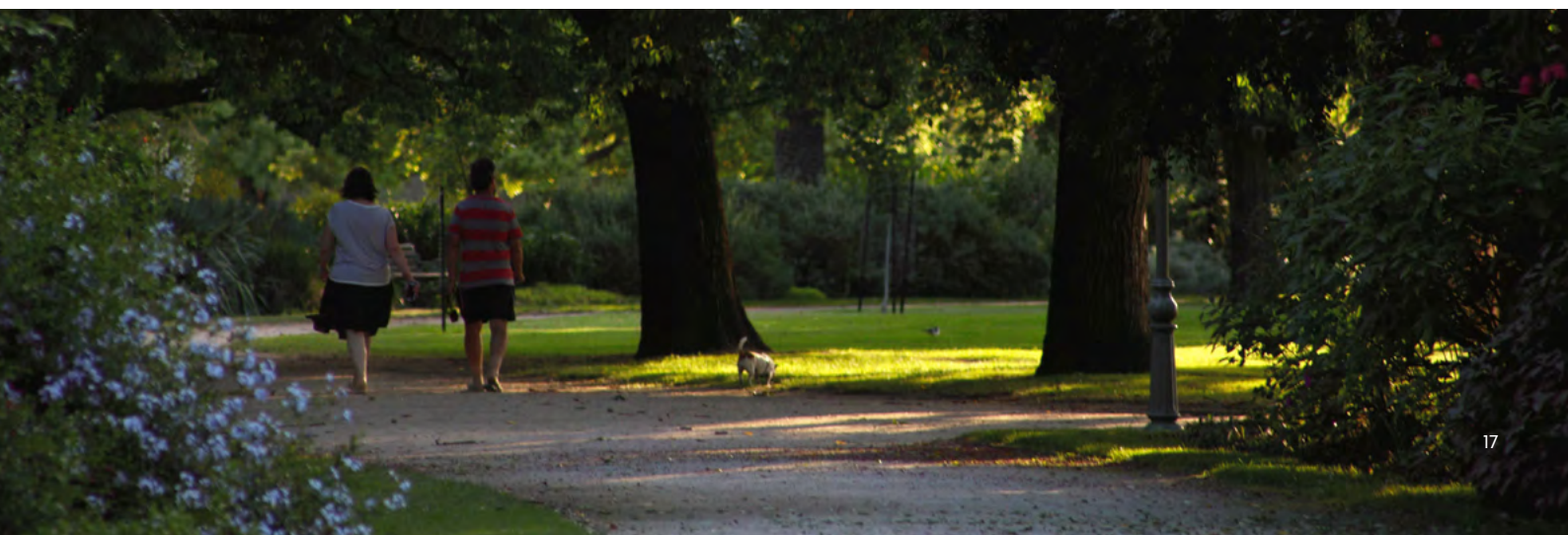


OUR WORKFORCE

EMPLOYEES

TYPE BY GENDER	NUMBER	EFT
Full-time – female	29	29.0
Full-time – male	48	48.0
Full-time – self-described gender	–	–
Part-time – female	67	38.2
Part-time – male	6	5.2
Part-time – self-described gender	–	–
Casual	4	2.0
Total	154	122.4

TYPE BY BAND	FEMALE EFT	MALE EFT	SELF-DESCRIBED GENDER EFT	TOTAL EFT
Band 1	2.5	0.4	–	2.9
Band 2	–	–	–	–
Band 3	8.8	12.1	–	20.9
Band 4	18.1	14.5	–	32.6
Band 5	8.8	4.3	–	13.0
Band 6	13.7	8.0	–	21.7
Band 7	9.6	4.0	–	13.6
Band 8	0.0	5.0	–	5.0
Band not applicable	5.8	5.0	–	10.8
Casual	1.9	0.2	–	2.0
Total EFT	69.0	53.4	–	122.4



VICTORIAN CHARTER OF HUMAN RIGHTS AND RESPONSIBILITIES

The Victorian Charter of Human Rights and Responsibilities is a legal document requiring all public authorities to act in compliance with its standards and provides legal protection over the basic freedoms and rights of all Victorians. All public authorities and their employees are obliged to act compatibly with the Charter.

HEALTH AND SAFETY

Council aims to assure the health, safety and welfare of employees and other persons at work by eliminating hazards from the workplace, continuing to ensure workplace inspections are carried out in accordance with annual schedules.

Incidents and work health and safety performance statistics are reviewed regularly by Council's Leadership Team. Council also ensures that health and safety compliance training requirements are identified and included on the annual training schedule.

LEARNING AND DEVELOPMENT

Council is committed to supporting staff in furthering their careers and learning opportunities. Staff engage in a wide range of development programs each year that support a variety of staff professional, compliance and development needs.

The program is developed in response to needs identified through the annual Staff Performance and Development Reviews. A range of learning methods are used including e-learning, which incorporates a comprehensive induction program along with hundreds of online courses.

The Staff Code of Conduct and Respectful Workplace Behaviour – Sexual Harassment, Discrimination, Harassment and Bullying Policy has recently been reviewed and distributed to all staff over a three-day organisation-wide training program.

EMPLOYEE ASSISTANCE PROGRAM

Benalla Rural City Council provides an Employee Assistance Program (EAP) for Councillors, employees and family members and volunteers. The EAP aims to ensure that all employees who experience hardship are able to discuss in confidence matters either work related or personal that may be impacting on their lives

FAMILY VIOLENCE

Council supports employees to create a non-violent and respectful workplace as part of our contribution to creating a safer community. Council is also committed to supporting family violence prevention initiatives relating and incorporating behaviors that reinforce respect and equality.

Family violence is a serious issue in our society. The Council is committed to playing a supportive role to staff subjected to family violence and in any other personal emergency. Clause 45 of the Enterprise Agreement allows for staff to access Personal Emergency Assistance (Family Violence).

The Council accepts the definition of family violence as stipulated in the *Family Violence Protection Act 2008* (Vic) understanding that it includes physical, sexual, financial, verbal or emotional abuse. Council supports a range of initiatives to prevent violence including the MAV Prevention of Family Violence Campaign, the Hume Region Courageous Conversations Charter and White Ribbon Day.

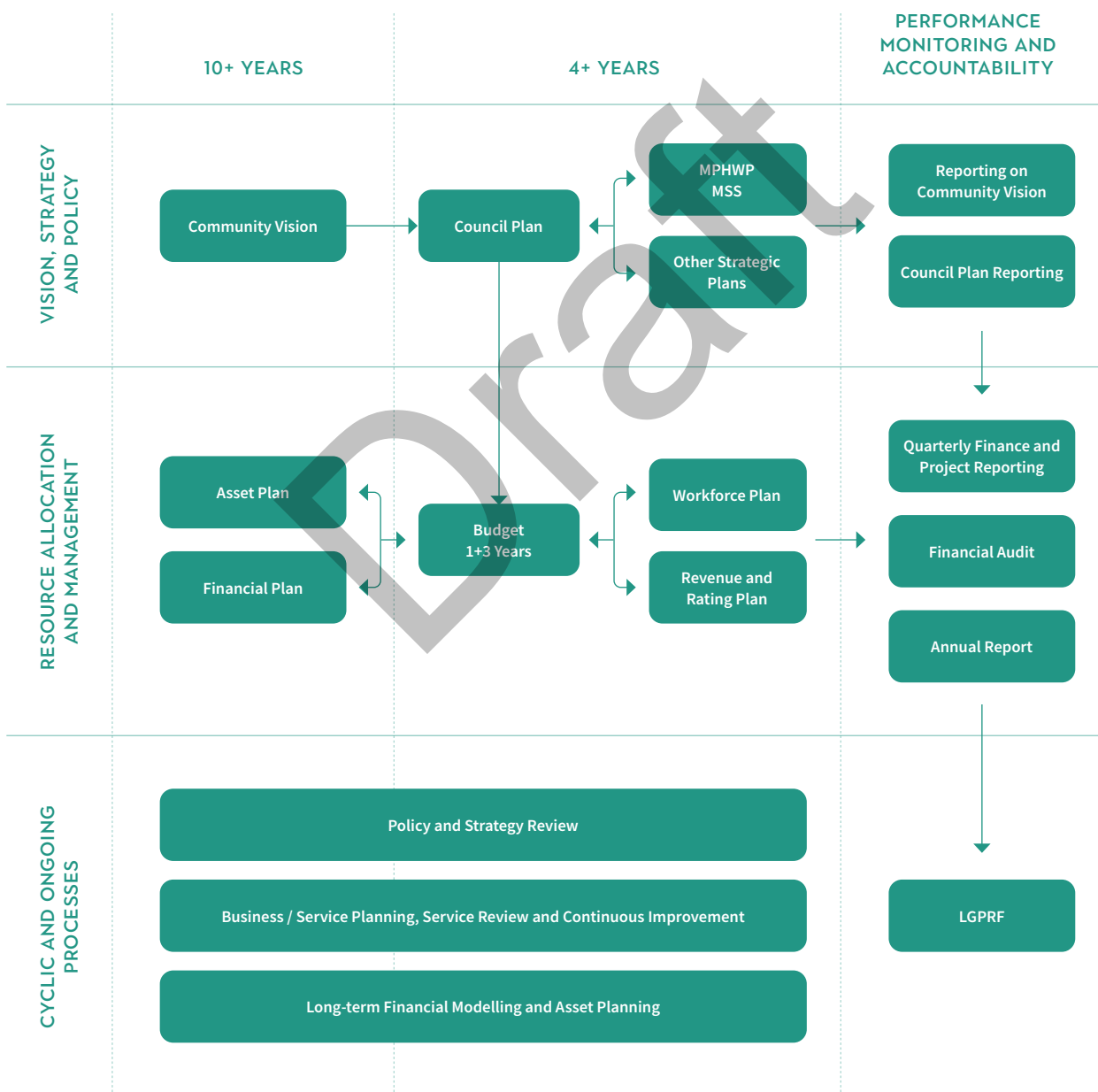
OUR PERFORMANCE



HOW THE COUNCIL WORKS

The Council, which is democratically elected every four years, meets regularly to make decisions that are informed by consultation with the community. These decisions are implemented by staff employed by the Council. The CEO is the only member of staff directly employed by the Council. All other staff are employed by the CEO under delegated authority from the Council.

The diagram below outlines how the Council develops, implements and reports on the community's priorities under an integrated planning and reporting framework.



STRATEGIC OBJECTIVES

The Council measures its progress by reporting against its Strategic Objectives.



CONNECTED AND VIBRANT COMMUNITY

We are committed to building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life.



ENGAGING AND ACCESSIBLE PLACES AND SPACES

We will provide community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City.



SUSTAINABLE ENVIRONMENT

We will take a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future.



THRIVING AND PROGRESSIVE ECONOMY

We will support, promote and encourage the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community.



HIGH PERFORMING ORGANISATION

We will be a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our whole community.



SERVICE PERFORMANCE INDICATORS

The following table indicates the performance against the prescribed services and any material variations.

SERVICE PERFORMANCE INDICATORS Service / Indicator / Measure	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	COMMENTS
AQUATIC FACILITIES					
Service standard					
Health inspections of aquatic facilities <i>[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]</i>	4.00	4.00	3.00	3.00	
Utilisation					
Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	7.24	7.31	5.14	2.14	The result for this measure has decreased because of a significant decrease in visitors while the centre was closed due to renovations and COVID-19 restrictions.
Service cost					
Cost of aquatic facilities <i>[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]</i>	New in 2020	New in 2020	\$9.37	\$22.50	The result for this measure has increased as the centre was closed due to COVID-19 restrictions and renovations, therefore there were significantly fewer visits to offset costs. <i>Note: From 2020, this measure replaced two previous measures: 'Cost of indoor aquatic facilities' and 'Cost of outdoor aquatic facilities'; see retired measures.</i>
ANIMAL MANAGEMENT					
Timeliness					
Time taken to action animal management requests <i>[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]</i>	1.00	1.00	1.00	1.00	
Service standard					
Animals reclaimed <i>[Number of animals reclaimed / Number of animals collected] x100</i>	38.61%	33.77%	35.01%	40.35%	The result for this measure has increased due to responsible pet owner education via social media and Council being proactive in social media messaging.
Animals rehomed <i>[Number of animals rehomed / Number of animals collected] x100</i>	New in 2020	New in 2020	0.00%	0.00%	Council does not operate a rehoming service. This is undertaken by our contract pound service provider <i>Note: New measure for 2019-20 financial year.</i>

SERVICE PERFORMANCE INDICATORS Service / Indicator / Measure	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	COMMENTS
Service cost					
Cost of animal management service per population <i>[Direct cost of the animal management service / Population]</i>	New in 2020	New in 2020	\$15.37	\$18.35	The result for this measure has increased due to COVID-19 response procedures. <i>Note: This measure is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals, see retired measures.</i>
Health and safety					
Animal management prosecutions <i>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</i>	New in 2020	New in 2020	0.00%	100.00%	Council had one successful prosecution in 2020/21. There were no prosecutions in 2019/20. <i>Note: This measure is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion, see retired measures.</i>
FOOD SAFETY					
Timeliness					
Time taken to action food complaints <i>[Number of days between receipt and first response action for all food complaints / Number of food complaints]</i>	1.00	1.00	1.00	1.00	
Service standard					
Food safety assessments <i>[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100</i>	87.04%	97.98%	71.30%	77.59%	
Service cost					
Cost of food safety service <i>[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]</i>	\$314.88	\$499.02	\$431.09	\$420.52	
Health and safety					
Critical and major non-compliance outcome notifications <i>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100</i>	0.00%	0.00%	100.00%	0.00%	No critical and major non-compliance outcome notifications for 2020.

SERVICE PERFORMANCE INDICATORS Service / Indicator / Measure	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	COMMENTS
GOVERNANCE					
Transparency					
Council decisions made at meetings closed to the public <i>[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100</i>	11.68%	14.79%	12.88%	10.88%	The result for this measure has decreased due to a reduction in the number of tenders considered by the Council in 2020/21.
Consultation and engagement					
Satisfaction with community consultation and engagement <i>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</i>	53.00	56.00	55.00	52.00	
Attendance					
Councillor attendance at council meetings <i>[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100</i>	92.86%	92.38%	93.41%	100.00%	
Service cost					
Cost of elected representation <i>[Direct cost of the governance service / Number of Councillors elected at the last Council general election]</i>	\$33,354.32	\$32,316.51	\$33,594.96	\$31,357.26	
Satisfaction					
Satisfaction with council decisions <i>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</i>	51.00	56.00	54.00	57.00	
LIBRARIES					
Utilisation					
Physical library collection usage <i>[Number of physical library collection item loans / Number of physical library collection items]</i>	3.11	3.62	3.04	2.19	The result for this measure has decreased due to a reduction in visitor numbers because of COVID-19 related closures. <i>Note: From 2019-20, this indicator measures the performance of physical library items as a subset of the wider library collection.</i>
Resource standard					
Recently purchased library collection <i>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100</i>	49.21%	56.78%	59.18%	53.83%	

SERVICE PERFORMANCE INDICATORS Service / Indicator / Measure	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	COMMENTS
Participation					
Active library borrowers in municipality <i>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	17.79%	17.63%	16.89%	14.64%	The result for this measure has decreased due to a reduction in visitor numbers because of COVID-19 related closures.
Service cost					
Cost of library service per population <i>[Direct cost of the library service / Population]</i>	New in 2020	New in 2020	\$40.95	\$30.39	The result for this measure has decreased due to the incorrect use of non-operating expenses in 2019/20 calculation. <i>Note: This measure is replacing the previous 'Cost of library service' indicator which measured based on number of visits, see retired measures.</i>
MATERNAL AND CHILD HEALTH (MCH)					
Service standard					
Infant enrolments in the MCH service <i>[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100</i>	98.77%	100.79%	101.71%	100.00%	
Service cost					
Cost of the MCH service <i>[Cost of the MCH service / Hours worked by MCH nurses]</i>	\$73.56	\$79.95	\$60.79	\$89.39	The result for this measure has increased due to total working hours reducing from 4,199 to 2,855 due to COVID-19 restrictions and vacant MCH nursing positions.
Participation					
Participation in the MCH service <i>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i>	81.23%	79.93%	78.95%	77.81%	
Participation in the MCH service by Aboriginal children <i>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</i>	86.27%	88.52%	75.93%	75.00%	
Satisfaction					
Participation in 4-week Key Age and Stage visit <i>[Number of 4-week key age and stage visits / Number of birth notifications received] x100</i>	New in 2020	New in 2020	94.87%	97.67%	

SERVICE PERFORMANCE INDICATORS Service / Indicator / Measure	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	COMMENTS
ROADS					
Satisfaction of use					
Sealed local road requests <i>[Number of sealed local road requests / Kilometres of sealed local roads] x100</i>	27.03	26.79	17.68	26.43	The result for this measure has increased due to higher than average rainfall in comparison to the previous year.
Condition					
Sealed local roads maintained to condition standards <i>[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100</i>	91.35%	98.39%	98.57%	98.80%	
Service cost					
Cost of sealed local road reconstruction <i>[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]</i>	\$0.00	\$0.00	\$80.38	\$184.06	The result for this measure has increased due to the Council undertaking more reconstruction projects than in the previous years.
Cost of sealed local road resealing <i>[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]</i>	\$3.28	\$4.83	\$5.49	\$6.00	
Satisfaction					
Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	43.00	54.00	49.00	53.00	
STATUTORY PLANNING					
Timeliness					
Time taken to decide planning applications <i>[The median number of days between receipt of a planning application and a decision on the application]</i>	22.00	23.00	29.00	34.00	The result for this measure has increased due to a higher than normal number of applications received in 2020/21.
Service standard					
Planning applications decided within required time frames <i>[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100</i>	92.26%	88.39%	85.31%	83.33%	
Service cost					
Cost of statutory planning service <i>[Direct cost of the statutory planning service / Number of planning applications received]</i>	\$1,414.65	\$1,554.14	\$1,563.97	\$1,009.35	The result for this measure has decreased due to the number of subdivision applications received, which have a lesser fee than other types of planning services.

SERVICE PERFORMANCE INDICATORS Service / Indicator / Measure	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	COMMENTS
Decision making					
Council planning decisions upheld at VCAT	66.67%	0.00%	50.00%	0.00%	There were no planning decisions upheld at VCAT.
<i>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</i>					
WASTE COLLECTION					
Satisfaction					
Kerbside bin collection requests	125.63	126.95	135.30	137.80	
<i>[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000</i>					
Service standard					
Kerbside collection bins missed	9.31	9.07	11.93	6.55	The result for this measure has decreased due to a change in the calculation of the number of bin lifts.
<i>[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000</i>					
Service cost					
Cost of kerbside garbage bin collection service	\$53.97	\$57.43	\$58.23	\$55.12	
<i>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</i>					
Cost of kerbside recyclables collection service	\$46.22	\$69.50	\$77.03	\$82.09	
<i>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</i>					
Waste diversion					
Kerbside collection waste diverted from landfill	61.23%	60.85%	60.91%	60.88%	
<i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>					





STRATEGIC OBJECTIVE 1
**CONNECTED AND
VIBRANT COMMUNITY**

Draft

We are committed to building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life.

The following statement reviews the performance of the Council against the major initiatives identified in the 2020-21 Budget.

MAJOR INITIATIVES	COMMENT
Promote, support and actively engage with smaller rural communities, including conducting regular informal forums in our rural townships.	<ul style="list-style-type: none"> Continued support of Rural Outreach Worker. The volume of calls received and made is far greater than the number of visits usually undertaken by the worker each week. Awarding of grants under Community Infrastructure Grants program to a number of rural communities.
Promote, support, acknowledge and value volunteers.	<ul style="list-style-type: none"> COVID-19 limited volunteer activity in 2020/21. National Volunteer Week celebrated in May with service milestones acknowledged. First 'Years of Service' morning tea held.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2020 Review).

STRATEGIC INDICATOR / MEASURE	TARGET	RESULT
Number of community groups receiving a grant from the Community Support Program.	70	56
Active library borrowers in municipality (Percentage of the municipal population that are active library borrowers).	18%	16.64%
Utilisation of aquatic facilities. (Number of visits to aquatic facilities per head of municipal population).	7	2.14%
Participation in the MCH service. (Percentage of children enrolled who participate in the MCH service).	80%	77.81%

The following statement reviews the performance of the Council against services funded in the 2020-21 Budget and the persons or sections of the community who are provided the service.

BUSINESS AREA	DESCRIPTION OF SERVICES PROVIDED	EXPENDITURE \$'000	(REVENUE) \$'000	NET COST \$'000
Corporate Division	<p>Coordinates a range of services for the community including:</p> <ul style="list-style-type: none"> • Community engagement in accordance with the Communication and Consultation Strategy • Supporting the youth of the community with planning and development of activities to engage young people and to network with service partners. • Delivering a range of services to residents of all ages, cultures and socio-economic backgrounds to enhance their independence, dignity, connectedness, health and wellbeing. • Coordinating and supporting the operation of the Aquatic Centre facility for the community. • Coordinating the planning and response to emergency events. • Delivering immunisation programs. • Coordinating school crossing supervisors. • Providing environmental health education programs. • Coordinating, supporting and growing our volunteer base. 	6,059	(4,346)	1,713

COMMUNITY GRANTS PROGRAM 2020-21

The Annual Grants Program supports projects and activities to assist in building healthy, vibrant and sustainable communities across Benalla Rural City.

Our funding streams are:

- Community Grants
- Youth Participation Grants
- Major Event Funding Program
- Community Sponsorship Grants

Community Grants

The Community Grants Program provides an opportunity for community groups and not-for-profit organisations. Funding of up to \$2,500 is provided annually to assist in the development of facilities, programs, activities and projects designed to build healthy, vibrant and sustainable communities across the municipality.

Youth Participation Grants

Youth Participation Grants provide funds of up to \$1,000 for eligible projects, activities and events, which may include leadership programs, fundraising projects, healthy living initiatives and other youth-led ideas.

Major Event Funding

The Major Event Funding Program commits approximately \$12,000 annually to encourage groups to stage events. The events must deliver measurable economic benefit and contribute to the profile and liveability of Benalla Rural City.

Community Sponsorship Grants

The Council also supports community groups through the Community Sponsorship Program with amounts of up to \$500 for projects, activities and events. Applications for funding under the Community Sponsorship Program can be submitted at any time throughout the year and are presented to the Council monthly.

In 2020-21, 33 community-based organisations received funding totalling \$68,737 for projects and activities that enable participation in social, cultural and economic life in Benalla Rural City. Three grants of up to \$1,000 were awarded as Youth Participation Grants. Five event organisers received funding of up to \$1,500 under the Major Event Funding program for events that provide measurable economic benefit and enhance the image and liveability of Benalla Rural City.



Community Grants

RECIPIENT	PROJECT	FUNDING
Benalla Hockey Association Incorporated	Essential equipment purchases for Benalla Hockey Club	\$2,500
Room at the Table Inc	Boardgames library	\$1,000
Goorambat Public Hall Reserve	Goorambat Hall precinct project - playground works	\$1,650
Benalla Agricultural & Pastoral Society Inc	Portable animal yarding	\$1,730
Benalla Scout Group	Communication Plus	\$2,500
LG Boxing Club Benalla Inc	Equipment update project 2021	\$2,500
Winton Cemetery Trust	History information boards	\$775
Benalla Indoor Recreation Centre Inc.	Court 3 screen	\$1,000
Benalla Little Athletics Centre	Line marking paint	\$2,500
Tegan Nash-Ollett	Live Art Benalla Audience Development Performance Program	\$2,500
Benalla Migrant Camp Inc	Interpretative signage at the former Benalla Migrant Camp site	\$2,000
Thoona Memorial Hall Committee Incorporated	Ongoing hall maintenance	\$2,500
Warrenbayne Recreation Reserve Inc	Remove the risks in the roof aka Piss of the Pests	\$2,200
Baddaginnie Community Inc	Baddaginnie Hall revitalisation	\$2,500
U3A Benalla	Overhead Projector plus screen for seniors auditorium	\$1,865
Benalla Theatre Company Inc	2021 Musical - Ma Bakers Tonic	\$1,000
Waminda Community House	Artful gardens community engagement project	\$2,500
Benalla Badminton Association Inc	Promotion/signage and equipment upgrades	\$1,048
Samaria Rural Fire Brigade	Fire tanker fill point	\$1,600
Benalla Swimming Club Inc	Club computer and printer	\$2,500
Benalla Young Sportsperson Trust	Benalla Young Sportsperson Trust	\$2,500
Benalla Broken River Painters Inc	Art show at Swanpool Festival of Art	\$1,439
Benalla Pistol Inc	Windows for 25m range	\$1,000
Benalla Woodworker's Association and Men's Shed	New equipment	\$1,000
Benalla Bushrangers Cricket Club Inc	Arundel St hard wicket replacement	\$1,000
Benalla All Blacks Football & Netball Club	Weather protection project	\$1,500
Benalla Aviation Museum and Men's Shed Inc	Coppersmiths workshop refurbishment	\$2,500
Benalla Sustainable Future Group Inc	Benalla Food Cooperative food storage upgrade	\$2,500
Benalla and District Adult Riding Club	BADRC club house renovation	\$1,500
Benalla Historical Society Inc.	Storage of Benalla historical items	\$2,431
Benalla Family Research Group Inc	Purchase of computer chairs	\$1,800
Moorngag Cemetery Trust	Moorngag cemetery mural and storyboards	\$2,079
Benalla Pony Club	Safety outside meeting area	\$1,000
	Total	\$68,737

Youth Participation Grant 2020-21

RECIPIENT	PROJECT	FUNDING
Waminda Community House	Multiple Activities	\$1,000
Flexible Learning Centre	School Year Books	\$500
Benalla Bowls Club	Come and Try day	\$750
	Total	\$2,250

Major Event Funding 2020-21

RECIPIENT	PROJECT	FUNDING
Society of Automotive Engineers Australasia	Formula SAE-A 2021	\$1,500
Let Us Entertain You Inc	Benalla Short Film Festival	\$1,500
Pony Club Victoria Inc	Pony Club Australia Nationals 2021	\$1,500
Austin 7 Club Inc	Historic Winton 44th	\$1,500
North East Multicultural Association	Harmony Day Celebration Benalla	\$1,500
	Total	\$7,500

Community Sponsorship Program 2020-21

RECIPIENT	PROJECT	FUNDING
Tatong Memorial Hall	50th anniversary celebration	\$500
Rotary Club of Benalla	Contribution to Portsea Camp for disadvantaged Benalla young persons	\$350
Benalla Rugged Up	Funding for yarnbombing project	\$350
Benalla Shorts	Contribution to 6th Benalla short film festival	\$500
Benalla Swimming Club Inc.	Funding to assist with facility hire for swim meets	\$500
Benalla P-12 College	Contribution to Year 12 Graduation	\$455
The Goulburn and North East Arts Alliance (GANEEA)	Signage for North East Artisans	\$500
Albert Heaney Oval Reserve Committee of Management	Defibrillator battery	\$500
Cooinda Village Inc.	Subsidy to offset cost of BPACC auditorium hire for AGM	\$500
Better Benalla Rail	Financial support for promotional material	\$500
Goorambat & District Community Group	Contribution to scissor lift hire for street art mural painting	\$500
Benalla Family Research Group Inc.	Materials for resource storage	\$500
Waminda Community House	Contribution to youth engagement program ProYou	\$500
Benalla Sustainable Futures group	Funding to support running of Swanpool Environmental Film Festival	\$500
U3A Benalla	Support for Benalla Play Reading Group – cost of play hire	\$500
	Total	\$7,155

COMMUNITY INFRASTRUCTURE GRANTS 2020-21

Benalla Rural City Council received \$1 million from the Australian Government's Drought Communities Programme Extension in 2020-21. Of this, \$335,000 were allocated as a Community Fund, meaning eligible community groups could apply to the Council for up to \$20,000 to deliver community infrastructure projects.

The funding was awarded to infrastructure projects which create employment for people whose work opportunities have been affected by drought; provide social benefit; stimulate local spending; or provide a long-lasting benefit to communities and the agricultural industries on which they depend.

RECIPIENT	PROJECT	FUNDING
Tomorrow Today A Foundation for Rural Community Development	PEEP goes outside! Creating a special outdoor learning space for Benalla's children	\$14,180
White Gate CFA	Driveway upgrade	\$6,900
Goorambat Public Hall Reserve COM Inc.	Furbishing, finishing and fencing Goorambat Hall public toilet facilities and surrounds	\$20,000
Raise the Roof Benalla Inc.	Fencing Us In for Safety	\$20,000
Moorngag Hall and Recreation Reserve	Multipurpose shed for storage and outside activities	\$18,850
Boweya Community Inc.	Boweya community playground	\$15,000
Gorrambat Football Netball Club	Netball court resurfacing and umpire rooms	\$18,500
Tatong Memorial Hall	Storeroom with verandah	\$13,385
Warrenbayne Recreation Reserve Inc.	Covered outdoor recreational facility	\$20,000
Benalla Agricultural & Pastoral Society Inc.	Multipurpose shelter upgrade	\$20,000
Benalla Aviation Museum and Men's Shed Inc.	Securing the Men's Shed complex	\$13,600
All Blacks Football & Netball Club	Clubroom rejuvenation	\$7,000
Swanpool Bowling Club Inc.	Permanent shade structure replacement	\$14,000
Ride Avenue Preschool	Windows upgrade and cooling	\$12,710
Devenish Public Hall Committee of Management	Kitchen and plumbing infrastructure upgrade	\$15,000
Lurg Hall and Reserves Committee of Management	Lurg Hall and School Reserve upgrade	\$11,782
Benalla Sports Entertainment Centre Inc.	Sewer pump well upgrade	\$4,500
Benalla Scout Group	Being Our Best - All access bathroom facility	\$20,000
Albert Heaney Oval Committee	Upgrade of facilities at the Albert Heaney Oval, Swanpool	\$17,000
Lima School Community Center	Lima School Community Center facelift	\$10,850
Molyullah Recreation & Public Hall Reserve Committee of Management Inc.	Upgrade to public toilets at Molyullah Hall	\$20,000
Molyullah Recreation & Public Hall Reserve Committee of Management Inc.	Upgrade to fish & chip cooking area	\$4,500
Benalla and District Preschool Partnership	Installation of a rainwater tank	\$3,638
Benalla Netball Association	Upgrades to BNA Clubrooms and courts sun shelters	\$13,605
	Total	\$335,000



STRATEGIC OBJECTIVE 2

ENGAGING AND ACCESSIBLE PLACES AND SPACES

Draft

We will provide community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City.

The following statement reviews the performance of the Council against the major initiatives identified in the 2020-21 Budget.

MAJOR INITIATIVES	COMMENT
Deliver and promote maintenance programs for core assets such as roads, bridges and drainage.	<ul style="list-style-type: none"> • Unsealed roads graded: 431 km • Sealed road shoulders graded: 11.5 km • 80 bridge inspections
Deliver the Arundel Street Oval Improvement Project.	<ul style="list-style-type: none"> • Project completed with facility handed over to user groups.
Progress the redevelopment of the Benalla Visitor Information Centre	<ul style="list-style-type: none"> • Brandrick Architects engaged to provide architectural services.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2020 Review).

STRATEGIC INDICATOR / MEASURE	TARGET	RESULT
Percentage of collected registerable animals under the <i>Domestic Animals Act 1994</i> reclaimed.	39%	40.35%
Percentage of required food safety assessments undertaken.	95%	77.59%
Community satisfaction with sealed local roads.	50	53
Median number of days taken between receipt of a planning application and a decision on the application.	25	34
Percentage of VicSmart planning application decisions made within legislated time frames.	90%	83.33%

The following statement reviews the performance of the Council against services funded in the 2020-21 Budget and the persons or sections of the community who are provided the service.

BUSINESS AREA	DESCRIPTION OF SERVICES PROVIDED	EXPENDITURE \$'000	(REVENUE) \$'000	NET COST \$'000
Corporate Division	<p>Coordinates the accessibility, maintenance and planning of engaging spaces and places for the community by:</p> <ul style="list-style-type: none"> • Overseeing the operations of the Benalla Library and library services for all residents. • Operating the Benalla Art Gallery that provides cultural and tourism benefits to our city. • Providing Geographic Information System mapping which provide computer based mapping and aerial photographs. • Overseeing Land Use Planning Services in accordance with the Benalla Planning Scheme and the <i>Planning and Environment Act</i>. • Providing Building Surveyor Services to meet statutory obligations in accordance with the <i>Local Government Act</i> and <i>Building Regulations</i>. • Coordinating Council's statutory obligations in relation to the Domestic and <i>Feral and Nuisance Animal Act</i>, <i>Road Regulations</i>, <i>Environment Protection Act</i> and <i>Country Fire Authority Act</i>. • Providing professional Environmental Health services to meet statutory obligations outlines in the <i>Health Act</i> and <i>Environmental Protection Act</i>. • Overseeing the management of Council's assets including but not limited to the road management plan encompassing urban roads, drains and footpaths and rural roads, drains and footpaths. • Implementation of major and minor works project management, street sweeping, minor construction works and asset inspection programs. 	12,388	(6,151)	6,237



STRATEGIC OBJECTIVE 3
**SUSTAINABLE
ENVIRONMENT**

Draft

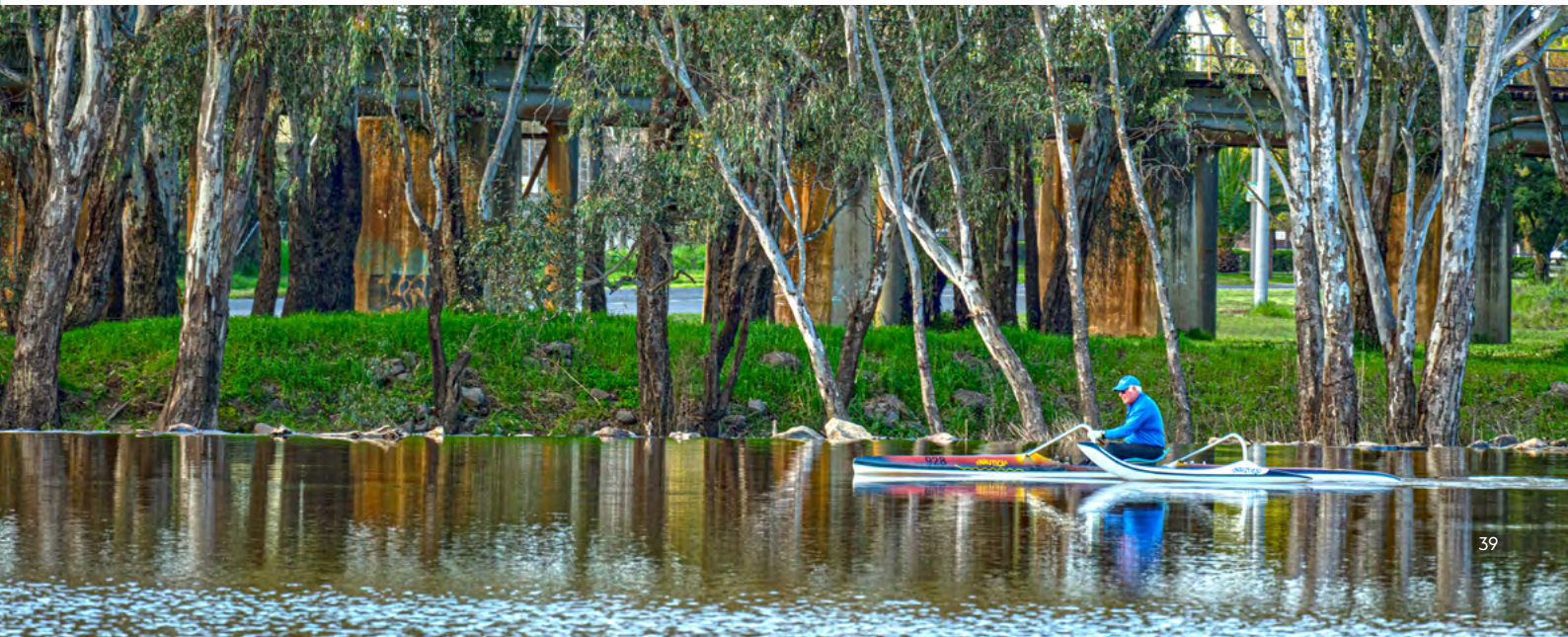
We will take a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future.

The following statement reviews the performance of the Council against the major initiatives identified in the 2020-21 Budget.

MAJOR INITIATIVES	COMMENT
Establish a transfer station at the Benalla Landfill and Resource Recovery Centre.	<ul style="list-style-type: none"> Buildings completed. Road works to be completed.
Review, adopt and commence implementation of the Benalla Landfill and Resource Recovery Centre Rehabilitation Strategy.	<ul style="list-style-type: none"> Landfill Cell 3 Construction contract awarded in December 2020. Stage 2A rehabilitation design and EPA approval process started.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2020 Review).

STRATEGIC INDICATOR / MEASURE	TARGET	RESULT
Community satisfaction rating for our performance in environmental sustainability.	60	62
Community satisfaction rating for our performance in waste management.	70	66
Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill.	62%	60.88%



The following statement reviews the performance of the Council against services funded in the 2020-21 Budget and the persons or sections of the community who are provided the service.

BUSINESS AREA	DESCRIPTION OF SERVICES PROVIDED	EXPENDITURE \$'000	(REVENUE) \$'000	NET COST \$'000
CEO Division	Oversees activities in relation to sustainability, climate change, roadside vegetation, energy and water conservation and water quality	187	(205)	(18)
Corporate Division	<p>Coordinates a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future by:</p> <ul style="list-style-type: none"> • Overseeing the management and provision of environmental projects. • Ensuring that waste collection, recycling programs, EPA licensed landfill operation and waste minimisation programs are run in accordance with state and regional plans and policies. • Coordinating the management and provision of advice on external domestic waste programs in consultation with relevant stakeholders. 	4,896	(6,220)	(1,325)





STRATEGIC OBJECTIVE 4

THRIVING AND PROGRESSIVE ECONOMY

Draft

We will support, promote and encourage the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community.

The following statement reviews the performance of the Council against the major initiatives identified in the 2020-21 Budget.

MAJOR INITIATIVES	COMMENT
Develop an Economic Development Plan.	<ul style="list-style-type: none"> Background information to inform plan continued to be gathered.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2020 Review).

STRATEGIC INDICATOR / MEASURE	TARGET	RESULT
Community satisfaction rating for our performance in economic or business development.	65	58
Community satisfaction rating for our performance in tourism development.	66	60
Community satisfaction rating for our performance in the provision of arts centres.	80	75



The following statement reviews the performance of the Council against services funded in the 2020-21 Budget and the persons or sections of the community who are provided the service.

BUSINESS AREA	DESCRIPTION OF SERVICES PROVIDED	EXPENDITURE \$'000	(REVENUE) \$'000	NET COST \$'000
CEO Division	<ul style="list-style-type: none"> Oversees the facilitation of economic development opportunities by devising economic strategies and developing relationships with key stakeholders, investors and collaborators to support business and industry development within our Rural City. Providing support to new and existing businesses through streamlined permit processes, facilitating business development programs, mentoring and delivering projects that create economic growth and enhanced visitation opportunities into Benalla. 	508	(834)	(326)
Corporate Division	<ul style="list-style-type: none"> Oversees the destination promotion and visitor servicing for our Rural City. Facilitating Council's civic and community events and the provision of support to other events to ensure compliance, while promoting community involvement and the lifestyle the Rural City offers. Managing the operation of the BPACC facility which engages a diverse range of Benalla residents coming from a wide range of socio-economic backgrounds and visitors to our area. Overseeing the long-term maintenance management program for Council's facility with the provision of repairs, maintenance and servicing of facilities that are utilised by a broad range of stakeholders including the general public and Council staff. Optimising the strategic value of and service potential of Council assets including but not limited to municipal buildings 	1,141	(138)	1,003



STRATEGIC OBJECTIVE 5
**HIGH PERFORMING
ORGANISATION**

Draft

We will be a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our whole community.

The following statement reviews the performance of the Council against the major initiatives identified in the 2020-21 Budget.

MAJOR INITIATIVES	COMMENT
Develop a 10-Year Forward Financial Plan to ensure assets and financial resources are managed responsibly to deliver financial sustainability.	<ul style="list-style-type: none"> Financial Plan started. To be adopted by 31 October 2021 in accordance with <i>Local Government Act 2020</i>.
Develop an Advocacy Strategy.	<ul style="list-style-type: none"> Not progressed.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2020 Review).

STRATEGIC INDICATOR / MEASURE	TARGET	RESULT
Community satisfaction with Council's overall performance.	60	61
Community satisfaction with how Council has performed in making decisions in the interest of the community.	55	57
Community satisfaction with Council's advocacy.	55	53
Community satisfaction with how Council has performed in customer service.	70	70
Community satisfaction with the consultation and engagement efforts of the Council.	55	52
Community satisfaction with the overall direction of Council.	55	54

The following statement reviews the performance of the Council against services funded in the 2020-21 Budget and the persons or sections of the community who are provided the service.

BUSINESS AREA	DESCRIPTION OF SERVICES PROVIDED	EXPENDITURE \$'000	(REVENUE) \$'000	NET COST \$'000
CEO Division	Oversees the office of the Chief Executive Officer (CEO), the Mayor and Councillor support as well as the internal audit program.	828	(17)	811
Corporate Division	<ul style="list-style-type: none"> Oversees the governance of Council to ensure accountability, enhancement and prosperity and viability. Ensures all day to day operational council buildings are maintained to an operational standard. Provides the financial based services to both internal and external customers including the management of Council's finances, procurement and contracting services, raising and collection of rates and charges and valuation of properties throughout the municipality. Ensures that the relevant human resources are managed and supported including training and development for staff. Provides information technology services to Council staff over various locations. Responsible for the achievement of corporate objectives in regard to Risk Management, Insurance and Occupational Health and Safety. Coordinates Council's statutory obligations in relation to the Domestic and Feral and Nuisance Animal Act, Road Regulations, Environment Protection Act and Country Fire Authority Act. Provides professional Environmental Health services to meet statutory obligations outlines in the Health Act and Environmental Protection Act. 	6,294	(19,859)	(13,565)

EQUAL EMPLOYMENT OPPORTUNITY

Benalla Rural City Council is an equal opportunity employer committed to providing a safe working environment that embraces and values child safety, diversity and inclusion.

Our equal opportunity policy and procedure reflects our further commitment to ensuring a workplace free from bullying and harassment. Our aim is to ensure there is no discrimination relating to the characteristics listed under the *Victorian Equal Opportunity Act 2010* such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation.

CODE OF CONDUCT

The *Local Government Act 2020* requires the establishment of a 'Code of Conduct' for Council staff. Under the code, staff are required to act impartially, act with integrity (including avoiding conflicts of interest), accept accountability for results and provide responsive service.

The Staff Code of Conduct provides a set of guidelines that connect staff decision-making, behaviour and actions to the vision, mission and values of the organisation. It is designed to guide staff on the standards expected of them as they carry out their work. Those standards include honesty and integrity, and a commitment to treating all people with courtesy and respect.

REPORTED INCIDENTS AND HAZARDS

Benalla Rural City Council has an ongoing commitment to providing and maintaining a work environment that is safe and healthy for all staff, volunteers, contractors, customers, visitors and members of the public. Prompt reporting of incidents/accidents enables the Council to reduce the risk of recurring incidents and creates a safer workplace for everyone.

In 2020/21 there were 81 reported incidents. Work continues with all staff to raise the awareness of their Occupational Health and Safety responsibilities and continue to reduce the risk of incident/accidents occurring as well as continuing to encourage proactive reporting and investigation to incident and accidents.



STATUTORY INFORMATION

BEST VALUE

The Council commenced a review of its services in accordance with the *Local Government (Best Value Principals) Act 1999* following de-amalgamation.

The Best Value Principals are:

- Council services must meet quality and cost standards
- Council services must be responsive to the needs of its community
- Council services must be accessible to whom the services are intended
- Council services must achieve continuous improvement
- Council must consult with its community on the services it provides
- Council must report to the community its achievements in relation to the principles.

Examples of how the Council gave effect to the Best Value Principals during the 2020/21 financial year included:

- Audits conducted on Landfill Operations and Contract Management.
- Implementation of Community Access Inclusion Plan to ensure accessibility to Council services

- Participation in the 2020 Local Government Community Satisfaction Survey
- A review into the provision of aged and disability services provided by Council
- Achievements in relation to Best Value Principals reported to the community through a range of communication channels, particularly social media.

CARERS RECOGNITION ACT 2012

The Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012* by:

- Promoting the principles of the Act to people in care relationships who receive Council services, to people in care relations and to the wider community
- Ensuring staff, council agents and volunteers working for Council are informed about the principles and obligations of the Act
- Reviewing and modifying policies, procedures and supports to include recognition of the carer relationship
- Ensuring information on the Act is readily available to staff.



DOCUMENTS FOR PUBLIC INSPECTION

Listed below are documents available for public inspection pursuant to Section 12 of the *Local Government (General) Regulations 2015*. In accordance with Section 222 of the *Local Government Act 1989* the following documents may be viewed on the Council's website or inspected by arrangement with the Governance Coordinator on 5760 2600.

- a. A document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including:
 - i. The name of the Councillor or member of Council staff;
 - ii. The dates on which the travel began and ended;
 - iii. The destination of the travel;
 - iv. The purpose of the travel; and
 - v. The total cost to the Council of the travel, including accommodation costs.
- b. The agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- c. The minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- d. A register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act;

- e. Document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease;
- f. Register maintained under section 224(1A) of the Act of authorised officers appointed under that section;
- g. A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

DISABILITY ACTION PLAN

The Community Access and Inclusion Plan 2015-2017 was adopted by the Council on 2 September 2015. A review of the plan has been undertaken, but not yet presented to the Council for adoption.

DOMESTIC ANIMAL MANAGEMENT PLAN

In accordance with the *Domestic Animals Act 1994*, the Council is required to prepare a Domestic Animal Management Plan at yearly intervals and evaluate its implementation in the Annual Report.

The Council adopted the Domestic Animal Management Plan 2017-2021 on 14 November 2018. A review of the plan was adopted by the Council in November 2019. The associated action plan continues to be implemented.

FOOD ACT MINISTERIAL DIRECTIONS

In accordance with section 7E of the *Food Act 1984*, the Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

No Food Act Ministerial Directions were received by the Council during the financial year.

FREEDOM OF INFORMATION

In accordance with section 7(4AA)(a) and 7(4AA) (b) of the *Freedom of Information Act 1982*, the Council is required to publish certain statements in their annual report or separately such as on its website concerning its function and information available. The Council has chosen to publish the statements separately, however, provides the following summary of the application and operation of the *Freedom of Information Act 1982*.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in Section 17 of the *Freedom of Information Act 1982* and in summary as follows:

- It should be in writing
- It should identify as clearly as possible which document is being requested
- It should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Council should be addressed to the Freedom of Information Officer. Requests can be lodged by email to: council@benalla.vic.gov.au.

Access charges may also apply once documents have been processed and a decision on access is made (for example, photocopying and search and retrieval charges).

Further information regarding FOI can be found at www.foi.vic.gov.au and on the Benalla Rural City website www.benalla.vic.gov.au

PUBLIC INTEREST DISCLOSURES PROCEDURES

In accordance with section 70 of the *Public Interest Disclosures Act 2012* a Council must include in their annual report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of public interest disclosure complaints investigated during the financial year.

Procedures on how to make a disclosure are publicly available on the Council's website:
www.benalla.vic.gov.au

In 2020/21 no disclosures were notified to the Independent Broad-based Anti-Corruption Commission.

ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

In accordance with section 22 of the *Road Management Act 2004*, the Council must publish a copy or summary of any Ministerial Direction in its annual report.

No Road Management Act Ministerial Directions were received by the Council during the financial year.

ACCOUNTABILITY AND GOVERNANCE

Like all Local Government in Victoria, Benalla Rural City Council operates under the *Local Government Acts 1989* and *2020*. Local councils are given a strict framework under which they must operate, and they are accountable to the Victorian Government through the Minister for Local Government under the Department of Environment, Land, Water and Planning.

Councils must report regularly to the Victorian Government and are also audited annually by independent auditors. The Local Government Inspectorate and the Independent Broad-based Anti-Corruption Commission are bodies which have been set up by the Victorian Government to ensure that local governments act properly and with integrity.

Benalla Rural City Council puts corporate governance systems in place to ensure the organisation:

- operates within the spirit and intent of the relevant legislation
- outlines its powers and supports open and transparent decision-making processes
- establishes effective frameworks for planning
- monitors the efficiency and effectiveness of operations
- engages with and advocates for our community as partners in the ongoing growth and development of Benalla Rural City where lifestyle, culture and safety are important.

COUNCIL COMMITTEE SYSTEM AND MEETING CYCLE

Council business is conducted on a monthly cycle of Wednesday evening meetings commencing at 6pm at the Benalla Civic Centre.

MEETING TYPE	PURPOSE
Finance and Operations Committee	This Committee considers all governance and financial matters, social and cultural development and matters relating to the operation of Council's organisational administration. The membership of the Finance and Operations Committee comprises all Councillors. The quorum for this committee is a majority of members.
Planning and Development Committee	This Committee considers all matters relating to strategic and statutory planning and associated matters, infrastructure, environmental issues and economic development matters. Membership comprises all Councillors. The quorum for this Committee is a majority of the members.
Council	The Council Meeting adopts, rejects or modifies recommendations from the two committees listed above and deals with other items. These meetings provide Councillors with another opportunity to debate issues discussed at the committee level before a final decision is made.

MEETINGS OF COUNCIL

Total meetings: 17 (9 Ordinary Meetings, 8 Special Meetings)

Councillor attendance at Council meetings and Special Council meetings during 2020-21.

Attendance between July 2020 – October 2020

COUNCILLOR	ORDINARY COUNCIL MEETINGS ATTENDED	SPECIAL COUNCIL MEETINGS ATTENDED	TOTAL
Cr Danny Claridge (Mayor)	3	1	4
Cr Barbara Alexander	3	1	4
Cr Peter Davis	3	1	4
Cr Don Firth	3	1	4
Cr Bernie Hearn (Deputy Mayor)	3	1	4
Cr Scott Upston	3	1	4
Cr William van Wersch	3	1	4

Attendance between November 2020 – June 2021

COUNCILLOR	ORDINARY COUNCIL MEETINGS ATTENDED	SPECIAL COUNCIL MEETINGS ATTENDED	TOTAL
Cr Danny Claridge (Mayor)	6	7	13
Cr Peter Davis	6	7	13
Cr Don Firth	6	7	13
Cr Bernie Hearn (Deputy Mayor)	6	7	13
Cr Punarji Hewa Gunaratne	6	7	13
Cr Justin King	6	7	13
Cr Gail O'Brien	6	7	13



SPECIAL COMMITTEE MEETINGS

SPECIAL COMMITTEE	COUNCILLORS	OFFICERS	OTHER	PURPOSE
Finance and Operations	7	0	0	Exercise its delegated Council powers in connection with governance, financial operations, social and cultural development and the Council's organisational administration.
Planning and Development	7	0	0	Exercise its delegated Council powers in connection with planning, capital projects, infrastructure, land use, environmental issues and local laws

FINANCE AND OPERATIONS COMMITTEE

Number of meetings held: 11

Attendance between July 2020 – October 2020

COUNCILLOR	MEETINGS ATTENDED
Cr Danny Claridge (Mayor)	2
Cr Barbara Alexander	2
Cr Peter Davis	2
Cr Donald Firth	2
Cr Bernie Hearn (Deputy Mayor)	2
Cr Scott Upston	1
Cr William van Wersch	2

Attendance between November 2020 – June 2021

COUNCILLOR	MEETINGS ATTENDED
Cr Danny Claridge (Mayor)	9
Cr Peter Davis	9
Cr Don Firth	9
Cr Bernie Hearn (Deputy Mayor)	9
Cr Punarji Hewa Gunaratne	9
Cr Justin King	8
Cr Gail O'Brien	8

PLANNING AND DEVELOPMENT COMMITTEE

Number of meetings held: 9

Attendance between July 2020 – October 2020

COUNCILLOR	MEETINGS ATTENDED
Cr Danny Claridge (Mayor)	3
Cr Barbara Alexander	3
Cr Peter Davis	3
Cr Donald Firth	3
Cr Bernie Hearn (Deputy Mayor)	3
Cr Scott Upston	3
Cr William van Wersch	3

Attendance between November 2020 – June 2021

COUNCILLOR	MEETINGS ATTENDED
Cr Danny Claridge (Mayor)	6
Cr Peter Davis	6
Cr Don Firth	6
Cr Bernie Hearn (Deputy Mayor)	6
Cr Punarji Hewa Gunaratne	6
Cr Justin King	6
Cr Gail O'Brien	5

COUNCILLOR CODE OF CONDUCT

In March 2021, in accordance with the *Local Government Act 2020*, the Council reviewed and adopted the Councillor Code of Conduct. The purpose of the Councillor Code of Conduct is to include the standards of conduct expected to be observed by Councillors in the course of performing their duties and functions as Councillors, including prohibiting discrimination, harassment (including sexual harassment) and vilification.

CONFLICT OF INTEREST

Councillors are elected to a position of trust to act in the best interests of the community. The Councillors and officers of Benalla Rural City live locally and are involved in the local community meaning there can be connections between their private lives and public duties. A conflict of interest is a situation that exists even if no improper act results from it.

Included in the agenda papers for every Council and committee meeting is a reminder of the obligation of Councillors and officers under the *Local Government Act 2020* to disclose any conflict of interest and step away from discussion and decision making in regard to the matter.

During 2020/21 there were nine conflicts of interest disclosed by Councillors at Council and Special Committee meetings. These are available on the Council's website including a description and the class of the conflict.

COUNCILLOR ALLOWANCES

Local Government Councillors in Victoria are provided with an allowance in recognition of their duties as Councillors under section 39 of the *Local Government Act 2020*. The Victorian Government sets an upper and lower limit for allowances dependent on the income and population of the municipality.

Mayors are entitled to a higher allowance than Councillors in recognition of the greater level of commitment required.

For 2020-21 Benalla Rural City was classified as a Category 1 Council. On 14 April 2021 the Council resolved that the Mayoral and Councillor allowances be set at the maximum level amount payable to a Category 1 Council plus a sum equivalent to the Superannuation Guarantee Contribution.

The table below presents the allowances paid to each Councillor during 2020/21:

COUNCILLOR	ALLOWANCE
Cr Barbara Alexander	\$7,033.75
Cr Danny Claridge	\$62,748.51
Cr Peter Davis	\$21,002.58
Cr Donald Firth	\$21,002.25
Cr Bernie Hearn	\$21,000.25
Cr Punarji Hewa Gunaratne	\$13,966.50
Cr Justin King	\$13,968.83
Cr Gail O'Brien	\$13,968.83
Cr Scott Upston	\$7,033.75
Cr William van Wersch	\$7,033.75

The Mayor (personal and Council business use) and Councillors (Council business use) are provided with a fully maintained motor vehicle. Total fleet charges, including fuel costs, in 2020-21 were \$5,112.85.

Councillors and staff are provided with a meal after Council and committee meetings. Total catering cost in 2020-21 were \$9,786.82

COUNCIL ADVISORY COMMITTEES

These committees advise Council about a range of community and social issues that may influence policy, service and program development.

COUNCIL ADVISORY COMMITTEE	PURPOSE OF COMMITTEE
Australia Day Advisory Committee	Assists in the coordination of Australia Day celebrations throughout the municipality.
Benalla Airport Advisory Committee	Assists Council in the management and operation of the Benalla Airport.
Benalla Festival Advisory Committee	Manages the Benalla Festival and makes recommendations to Council about festival events and activities.
Benalla Sports and Equestrian Centre Advisory Committee	Guides and assist in the management and operation of the Benalla Equestrian Centre and associated racecourse reserve land.
CEO Performance Review Advisory Committee	Reviews the performance of the CEO.
Communications Advisory Committee	Oversees Council communications and corporate publications.

AUDIT AND RISK COMMITTEE

In August 2020 the Council resolved to establish an Audit and Risk Committee to replace the Benalla Rural City Council Audit Committee.

Membership

The committee comprises two Councillors and a majority of independent members. The committee's Councillor positions are held by the Mayor or the Mayor's choice of Councillor and the Chair of the Finance and Operations Committee. The external members are:

NAME	QUALIFICATIONS	PROFESSIONAL BACKGROUND
Ms Rita HP Ruyters	GradDipBus(Acc), GCP (Acc)	Has extensive experience and working knowledge in financial management accounting in the not-for-profit sector. Holds a Graduate Certificate in Professional Accounting, Executive Certificate in Corporate Governance and is a Fellow of the Institute of Public Accountants.
Mr John Stapleton	BBus	Currently the Finance and Business Specialist at VicRoads in Benalla and has in excess of 29 years' experience working in government, primarily in the financial and business area. Has 20 years' experience as a volunteer treasurer to sporting clubs and associations in the Benalla area.
Mr Cameron Gray	BBus M(Com)	Currently the Finance Manager at Coinda Village Inc. in Benalla. Experience in working in the health, legal, employment services and agricultural industries. Member of the Institute of Public Accountants. Holds Executive Certificate in Corporate Governance and currently undertaking a Master of Business Administration. Over the past 10 years has volunteered as treasurer/secretary to sporting clubs and associations in the Benalla area.
Mr Michael B Hedderman	BHA (UNSW), Dip Ag (Dookie)	Substantial hands-on experience in both public and private sector management roles throughout Victoria, which has included chief executive roles in public healthcare, business management roles in private aged care settings, quality and risk management, authorised officer for DHS and chair of compliance and risk committees. Member of the Benalla Rural City Community Plan Implementation Steering Committee and the Benalla Migrant Camp Restoration Committee along with other volunteer roles within the community of Benalla Rural City and beyond.

Attendance

During the 2020-21 financial year there was a quorum for each Audit and Risk Committee meeting, where the appointed Chair presided. Attendance of ARC members for the 2020-21 meeting schedule is summarised below.

	JULY 2020	SEPTEMBER 2020	DECEMBER 2020	APRIL 2021
Wayne Neylon, Chair (<i>retired Dec 2020</i>)	✓	✓	✓	–
Cameron Gray (<i>elected as Chair 2021</i>)	✓	✓	✓	✓
Michael Hedderman	–	–	–	✓
Rita HP Ruyters	✓	✓	✓	✓
John Stapleton	✓	✓	✓	✓
Cr Barbara Alexander (<i>previous Chair of the Finance and Operations Committee</i>)	✓	✓	–	–
Cr Peter Davis	✓	✓	–	–
Cr Justin King (<i>current Chair of the Finance and Operations Committee</i>)	–	–	✓	X
Cr Punarji Gunaratne	–	–	✓	✓

Terms of Reference

The Audit and Risk Committee conducted an annual review of its Terms of Reference and measured its performance using *The Audit Committees - A Guide to Good Practice for Local Government* as a guide.

The internal audit service helps Council and its management perform their responsibilities. The internal audit service helps Council maintain an organisational environment with strong, relevant and effective internal controls. The Council's internal auditor reports to the Audit Committee.

Internal audit

A strong internal control environment ensures our systems contribute effectively to the management of operations. Services provided by the internal audit service include:

- risk assessment
- development and management of an audit program
- conducting audits and reviews
- reporting audit opinions, findings and recommendations; and
- presenting, discussing and providing advice on key issues.

The service was re-contracted for a five-year term to Richmond, Sinnott and Delahunty during the 2016/17 financial year.

External audit

The Victorian Auditor-General is responsible for the external audit of Council.

For 2017–18 and onwards, the Victorian Auditor General's Office has adopted a new three-year planning cycle for performance audits.

Our external audit focuses on three key areas:

- Strategic planning
- Detailed audit system testing
- Review of financial statement.

GOVERNANCE AND MANAGEMENT CHECKLIST

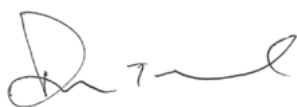
The following are the results in the prescribed form of the Council's assessment against the prescribed governance and management checklist.

GOVERNANCE AND MANAGEMENT ITEM	ASSESSMENT
<p>Community Engagement Policy Policy outlining Council's commitment to engaging with the community on matters of public interest.</p>	<p>Policy ✓ Date of current policy: 10 March 2021</p>
<p>Community Engagement Guidelines Guidelines to assist staff to determine when and how to engage with the community.</p>	<p>Guidelines ✓ Date of current guidelines: 10 March 2021</p>
<p>Financial Plan Financial Plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years.</p>	<p>Plan x <i>Financial Plan to be adopted by 31 October 2021.</i> Plan to be adopted in accordance with section 91 of the Act. Council to develop or review the Financial Plan and adopt the Financial Plan by 31 October in the year following a general election.</p>
<p>Asset Plan Plan that sets out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years.</p>	<p>Plan x <i>Asset Plan to be adopted by 30 June 2022.</i> Plan to be adopted in accordance with section 92 of the Act. Council to develop and adopt an Asset Plan in accordance with its Community Engagement Policy by 30 June 2022.</p>
<p>Revenue and Rating Plan Plan setting out the rating structure of Council to levy rates and charges.</p>	<p>Plan ✓ Date Plan adopted: 23 June 2021</p>
<p>Annual Budget Plan setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required.</p>	<p>Budget ✓ Date Budget adopted in accordance with section 94 of the Act: 23 June 2021</p>
<p>Risk Policy Policy outlining Council's commitment and approach to minimising the risks to Council's operations.</p>	<p>Policy ✓ Date of current policy: 13 September 2019</p>
<p>Fraud Policy Policy outlining Council's commitment and approach to minimising the risk of fraud.</p>	<p>Policy ✓ Date of current policy: 10 October 2018</p>

GOVERNANCE AND MANAGEMENT ITEM	ASSESSMENT
<p>Municipal Emergency Management Plan Plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery.</p>	<p>Plan ✓ Maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i>: 13 November 2019</p>
<p>Procurement Policy Policy outlining the principles, processes and procedures that will apply to all purchases of goods, services and works</p>	<p>Policy ✓ Reviewed and approved in accordance with section 108 of the Act: 19 May 2021</p>
<p>Business Continuity Plan Plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster.</p>	<p>Plan ✓ Date of current plan: 9 December 2016</p>
<p>Disaster Recovery Plan Plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster.</p>	<p>Plan ✓ Date of current plan: 9 December 2016</p>
<p>Risk Management Framework Framework outlining Council's approach to managing risks to the Council's operations.</p>	<p>Framework ✓ Date of current framework: 19 September 2019</p>
<p>Audit and Risk Committee Advisory committee of the Council under section 53 and 54 of the Act.</p>	<p>Established ✓ Date committee established in accordance with section 53 of the Act: 26 August 2020</p>
<p>Internal Audit Independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls.</p>	<p>Engaged ✓ Date of engagement of current provider: 15 March 2017</p>
<p>Performance Reporting Framework A set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act.</p>	<p>Framework ✓ Date of operation of current framework: 1 July 2014</p>
<p>Council Plan Reporting Report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year.</p>	<p>Report ✓ Council Meeting: 19 May 2021 25 November 2020</p>

GOVERNANCE AND MANAGEMENT ITEM	ASSESSMENT
<p>Financial Reporting</p> <p>Quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure.</p>	<p>Statements ✓</p> <p>Date statements presented to Council in accordance with section 138(1) of the Act:</p> <p>18 August 2021 5 May 2021 24 February 2021 2 December 2020</p>
<p>Risk Reporting</p> <p>Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies.</p>	<p>Reports ✓</p> <p>Risk reports prepared and presented:</p> <p>27 April 2021 15 December 2020</p>
<p>Performance Reporting</p> <p>Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act.</p>	<p>Report ✓</p> <p>19 May 2021 25 November 2020</p>
<p>Annual Report</p> <p>Annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements.</p>	<p>Considered at a meeting of Council in accordance with section 134 of the 1989 Act ✓</p> <p>Council Meeting: 25 November 2020</p>
<p>Councillor Code of Conduct</p> <p>Code setting out the conduct principles and the dispute resolution processes to be followed by Councillors.</p>	<p>Reviewed in accordance with section 139 of the Act ✓</p> <p>Date reviewed: 10 March 2021</p>
<p>Delegations</p> <p>A document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff.</p>	<p>Reviewed in accordance with section 11(7) of the Act ✓</p> <p>Date of review: 1 August 2020</p>
<p>Meeting Procedures</p> <p>Governance Rules governing the conduct of meetings of Council and delegated committees.</p>	<p>Governance Rules adopted in accordance with section 60 of the Act ✓</p> <p>Date adopted: 26 August 2020</p>

I certify that this information presents fairly the status of Council's governance and management arrangements.



Dom Testoni
Chief Executive Officer
29 September 2021



Cr Danny Claridge
Mayor
29 September 2021

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

Draft



DESCRIPTION OF MUNICIPALITY

The Benalla Rural City Council (the Council) is situated 193 kilometres north east of Melbourne. It includes the eight rural townships of Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Thoona, Tatong and Winton. Benalla Rural City is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. Benalla's features include a central lake, Botanical Gardens and Riverine Parklands, walking paths and an attractive and vibrant town centre. Key industries include manufacturing, agriculture, retail and construction. The council covers an area of 235,059 hectares and has a population of 14,137.

OVERVIEW OF 2021

During the financial year the council experienced restrictions associated with the COVID-19 pandemic which resulted in temporary closures of the Benalla Art Gallery, Benalla Aquatic Centre, Benalla Performing Arts and Convention Centre (BPACC), Sir Edward 'Weary' Dunlop Learning Centre (Benalla Library), Visitor Information Centre and various community centres. The pandemic saw staff working remotely resulting in an increase in occupational health and safety costs to help ensure their wellbeing. The Council also adopted a COVID-19 Financial Hardship Policy to assist ratepayers impacted by the pandemic.

Draft

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2021

Indicator / Measure	RESULTS				MATERIAL VARIATIONS
	2018	2019	2020	2021	
POPULATION					
Expenses per head of municipal population <i>[Total expenses / Municipal population]</i>	\$2,138	\$2,239	\$2,808	\$2,285	The result for this measure has decreased due Other Expenses reducing in 2020/21. The 2019/20 Other Expenses balance included a one-off \$4.6 million revaluation decrement in respect to drainage and book stock and a \$1.3 million expense related to a revaluation of the landfill rehabilitation provision.
Infrastructure per head of municipal population <i>[Value of infrastructure / Municipal population]</i>	\$14,498	\$15,828	\$15,345	\$15,316	No material variation.
Population density per length of road <i>[Municipal population / Kilometres of local roads]</i>	10	10	10	10	No material variation.
OWN-SOURCE REVENUE					
Own-source revenue per head of municipal population <i>[Own-source revenue / Municipal population]</i>	\$1,544	\$1,628	\$1,688	\$1,691	No material variation.
RECURRENT GRANTS					
Recurrent grants per head of municipal population <i>[Recurrent grants / Municipal population]</i>	\$533	\$508	\$531	\$558	No material variation.
DISADVANTAGE					
Relative socio-economic disadvantage <i>[Index of Relative Socio-economic Disadvantage by decile]</i>	2	2	2	2	Benalla Rural City had a SEIFA ranking of 17 out of 79 LGAs in Victoria.
WORKFORCE TURNOVER					
Percentage of staff turnover <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	13%	10%	7.5%	12%	The result for this measure has increased due to an increase in 2020/21 staff resignations.

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2021

Definitions

"adjusted underlying revenue" means total income other than:

- a. non-recurrent grants used to fund capital expenditure; and
- b. non-monetary asset contributions; and
- c. contributions to fund capital expenditure from sources other than those referred to above.

"infrastructure" means non-current property, plant and equipment excluding land.

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.

"population" means the resident population estimated by council.

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA.

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website.

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Draft

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2021

Service / Indicator / Measure	RESULTS				MATERIAL VARIATIONS
	2018	2019	2020	2021	
AQUATIC FACILITIES					
Utilisation					
Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	7	7	5	2	The result for this measure has decreased because of a significant decrease in visitors while the centre was closed due to renovations and COVID-19 restrictions.
ANIMAL MANAGEMENT					
Health and safety					
Animal management prosecutions <i>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100]</i>	New in 2020	New in 2020	0%	100%	Council had one successful prosecution in 2020/21. There were no prosecutions in 2019/20.
FOOD SAFETY					
Health and safety					
Critical and major non-compliance notifications <i>[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about a food premises] x100</i>	0%	0%	100%	0%	No critical and major non-compliance outcome notifications for 2020.
GOVERNANCE					
Satisfaction					
Satisfaction with council decisions <i>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</i>	51	56	54	57	No material variation.

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2021

Service / Indicator / Measure	RESULTS				MATERIAL VARIATIONS
	2018	2019	2020	2021	
LIBRARIES					
Participation					
Active library borrowers in municipality <i>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	18%	18%	17%	15%	The result for this measure has decreased due to a reduction in visitor numbers because of COVID-19 related closures.
MATERNAL AND CHILD HEALTH					
Participation					
Participation in the MCH service <i>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i>	81%	80%	79%	78%	No material variation.
Participation in the MCH service by Aboriginal children <i>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</i>	86%	89%	76%	75%	No material variation.
ROADS					
Satisfaction					
Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	43	54	49	53	No material variation.

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2021

Service / Indicator / Measure	RESULTS				MATERIAL VARIATIONS
	2018	2019	2020	2021	
STATUTORY PLANNING					
Decision making					
Council planning decisions upheld at VCAT	67%	0%	50%	0%	There were no planning decisions upheld at VCAT.
<i>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</i>					
WASTE COLLECTION					
Waste diversion					
Kerbside collection waste diverted from landfill	61%	61%	61%	61%	No material variation.
<i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>					

Definitions

"Aboriginal child" means a child who is an Aboriginal person.

"Aboriginal person" has the same meaning as in the *Aboriginal Heritage Act 2006*.

"active library member" means a member of a library who has borrowed a book from the library.

"annual report" means an annual report prepared by a council under section 98 of the Act.

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act.

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act.

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health.

"food premises" has the same meaning as in the *Food Act 1984*.

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken.

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age.

"population" means the resident population estimated by council.

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2021

Dimension / Indicator / Measure	RESULTS					FORECAST			MATERIAL VARIATIONS
	2018	2019	2020	2021	2022	2023	2024	2025	
EFFICIENCY									
Expenditure level									
Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$3,731	\$3,924	\$4,874	\$3,995	\$4,233	\$4,146	\$4,217	\$4,298	The result for this measure has decreased due to Other Expenses reducing in 2020/21. The 2019/20 Other Expenses balance included a one-off \$4.6 million revaluation decrement in respect to drainage and book stock and a \$1.3 million expense related to a revaluation of the landfill rehabilitation provision. Forecasts for future years do not include reductions in landfill rehabilitation provisions.
Revenue level ¹									
Average rate per property assessment <i>General rates and Municipal charges / Number of property assessments]</i>	New in 2020	New in 2020	\$1,850	\$1,913	\$1,926	\$1,965	\$2,019	\$2,079	No material variation.
LIQUIDITY									
Working capital									
Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	164%	215%	187%	203%	167%	156%	192%	219%	The increase for this measure in 2021 is a result of large increases in cash and other financial assets which will decrease in future years with the unwinding of cash and term deposits currently held.
Unrestricted cash									
Unrestricted cash compared to current liabilities <i>[Unrestricted cash / Current liabilities] x100</i>	29%	51%	63%	26%	60%	47%	82%	109%	The result for this measure has decreased due to a large increase in current liabilities, namely unearned income up \$3.4 million and increases in landfill rehabilitation provision.

¹ The forecast numbers for this measure differ from those published in the adopted 2021-22 Budget. The budget data includes general rate, municipal charge rate revenue and revenue in lieu of rates, compared to the performance statements which only include general rates and municipal charges in the calculation.

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2021

Dimension / Indicator / Measure	RESULTS					FORECAST			MATERIAL VARIATIONS
	2018	2019	2020	2021	2022	2023	2024	2025	
OBLIGATIONS									
Loans and borrowings									
Loans and borrowings compared to rates	31%	27%	21%	26%	19%	19%	15%	17%	The result for this measure has increased due to new loan borrowing of \$1.9 million exceeded existing principal repayments of \$0.898 million.
<i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>									
Loans and borrowings									
Loans and borrowings repayments compared to rates	7%	6%	5%	5%	6%	5%	4%	3%	No material variation.
<i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>									
Indebtedness									
Non-current liabilities compared to own source revenue	52%	54%	52%	50%	60%	61%	62%	61%	The forecast increases from 2021/22 for this measure are due to forecast changes in Landfill Rehabilitation Provisions.
<i>[Non-current liabilities / Own source revenue] x100</i>									
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation	New in 2020	New in 2020	51%	40%	63%	66%	22%	21%	The result for this measure has decreased due to a reduction on renewal and upgrade capital works spend. Forecast increases in the next two with expansion in capital works, reductions in 2023/24 and 2024/25 due to a reduction in renewal and upgrade capital works expenditure
<i>[Asset renewal and upgrade expense / Asset depreciation] x100</i>									

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2021

Dimension / Indicator / Measure	RESULTS					FORECAST			MATERIAL VARIATIONS
	2018	2019	2020	2021	2022	2023	2024	2025	
OPERATING POSITION									
Adjusted underlying result									
Adjusted underlying surplus (or deficit)	-0.29%	-0.19%	-21%	7%	-15%	-5%	-10%	-9%	Adjusted underlying surplus is higher than prior year and forecast balances due to increased operating grants received in 2020/21 from COVID stimulus funding. 2019/20 was abnormally low due to increased one-off Other Expenses in the form of a \$4.6 million revaluation decrement in respect to drainage and book stock and a \$1.3 million expense related to a revaluation of the landfill rehabilitation provision.
<i>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100</i>									
STABILITY									
Rates concentration									
Rates compared to adjusted underlying revenue	56%	56%	57%	55%	65%	63%	64%	66%	The forecast numbers are higher than current year as the current year adjusted underlying revenue is inflated by one-off COVID stimulus grants.
<i>[Rate revenue / Adjusted underlying revenue] x100</i>									
Rates effort									
Rates compared to property values	0.67%	0.66%	0.63%	0.62%	0.46%	0.45%	0.44%	0.43%	The result for this measure has decreased due to forecast sustained increases in capital improved values across the municipality.
<i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>									

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2021

RETIRED MEASURES	RESULTS			COMMENTS
	2018	2019	2020	
ANIMAL MANAGEMENT				
Health and safety				
Animal management prosecutions <i>[Number of successful animal management prosecutions]</i>	0	0	Retired in 2020	This measure was retired in 2020.
EFFICIENCY				
Revenue level				
Average residential rate per residential property assessment <i>[Residential rate revenue / Number of residential property assessments]</i>	\$1,700	\$1,821	Retired in 2020	This measure was retired in 2020.
OBLIGATIONS				
Asset renewal				
Asset renewal compared to depreciation <i>[Asset renewal expense / Asset depreciation] x100</i>	45%	32%	Retired in 2020	This measure was retired in 2020.

Definitions

"adjusted underlying revenue" means total income other than:

- non-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

OTHER INFORMATION

For the year ended 30 June 2021

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 23 June 2021 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General-Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).



Catherine Fitzpatrick, CPA
Principal Accounting Officer
Dated: 29 September 2021

In our opinion, the accompanying performance statement of the Benalla Rural City Council for the year ended 30 June 2021 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Danny Claridge
Mayor
Dated: 29 September 2021



Cr Justin King
Councillor
Dated: 29 September 2021



Dom Testoni
Chief Executive Officer
Dated: 29 September 2021



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Benalla Rural City Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Benalla Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of the municipality for the year ended 30 June 2021 • sustainable capacity indicators for the year ended 30 June 2021 • service performance indicators for the year ended 30 June 2021 • financial performance indicators for the year ended 30 June 2021 • other information and • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2021 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
5 October 2021



Sanchu Chummar

as delegate for the Auditor-General of Victoria

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Draft



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Benalla Rural City Council
2020/2021 Financial Report

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Catherine Fitzpatrick, CPA
Principal Accounting Officer

Date : 29 September 2021

Benalla

In our opinion the accompanying financial statements present fairly the financial transactions of the Benalla Rural City Council for the year ended 30 June 2021 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



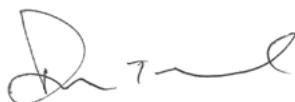
Danny Claridge
Councillor

Date : 29 September 2021
Benalla



Justin King
Councillor

Date : 29 September 2021
Benalla



Dom Testoni
Chief Executive Officer

Date : 29 September 2021
Benalla

Independent Auditor's Report

To the Councillors of Benalla Rural City Council

<p>Opinion</p>	<p>I have audited the financial report of Benalla Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the financial report</p>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sanchu Chummar

as delegate for the Auditor-General of Victoria

MELBOURNE
5 October 2021

Comprehensive Income Statement For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Rates and charges	3.1	19,027	18,487
Statutory fees and fines	3.2	546	662
User fees	3.3	4,302	4,261
Grants - operating	3.4	9,400	7,150
Grants - capital	3.4	3,940	3,069
Contributions - monetary	3.5	373	586
Contributions - non monetary	3.5	146	1,021
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(99)	4
Other income	3.7	134	277
Total income		37,769	35,517
Expenses			
Employee costs	4.1	12,806	11,980
Materials and services	4.2	12,267	13,431
Depreciation	4.3	6,419	6,693
Amortisation - intangible assets	4.4	387	512
Amortisation - right of use assets	4.5	402	297
Bad and doubtful debts	4.6	14	31
Borrowing costs	4.7	92	135
Finance costs - leases	4.8	31	33
Other expenses	4.9	(118)	6,302
Total expenses		32,300	39,414
Surplus/(deficit) for the year		5,469	(3,897)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	8,326	(1,490)
Total comprehensive result		13,795	(5,387)

The above comprehensive income statement should be read in conjunction with the accompanying notes.

Benalla Rural City Council
2020/2021 Financial Report

Balance Sheet
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	12,412	9,577
Trade and other receivables	5.1(c)	2,065	1,939
Other financial assets	5.1(b)	12,208	4,326
Inventories	5.2(a)	34	20
Other assets	5.2(b)	171	139
Total current assets		26,890	16,001
Non-current assets			
Property, infrastructure, plant and equipment	6.1	260,938	253,109
Right-of-use assets	5.8	461	610
Intangible assets	5.2	289	674
Total non-current assets		261,688	254,393
Total assets		288,578	270,394
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	1,993	1,543
Trust funds and deposits	5.3(b)	839	889
Unearned Income	5.3(c)	4,823	1,371
Provisions	5.5	4,233	3,479
Interest-bearing liabilities	5.4	1,107	898
Lease liabilities	5.8	277	365
Total current liabilities		13,272	8,545
Non-current liabilities			
Provisions	5.5	7,968	9,035
Interest-bearing liabilities	5.4	3,796	3,002
Lease liabilities	5.8	197	261
Total non-current liabilities		11,961	12,298
Total liabilities		25,233	20,843
Net assets		263,346	249,551
Equity			
Accumulated surplus		141,828	136,442
Reserves	9.1	121,518	113,109
Total Equity		263,346	249,551

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the Year Ended 30 June 2021

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021					
Balance at beginning of the financial year		249,551	136,442	112,380	729
Surplus/(deficit) for the year		5,469	5,469	-	-
Net asset revaluation increment/(decrement)	6.1	8,326	-	8,326	-
Transfers to other reserves	9.1(b)	-	(83)	-	83
Balance at end of the financial year		263,346	141,828	120,706	812

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		256,673	142,238	113,870	565
Impact of change in accounting policy - AASB 15					
Revenue from Contracts with Customers		(1,104)	(1,104)	-	-
Impact of change in accounting policy - AASB 1058					
Income of Not-for-Profit Entities		(631)	(631)	-	-
Adjusted Opening balance		254,938	140,503	113,870	565
Surplus/(deficit) for the year		(3,897)	(3,897)	-	-
Net asset revaluation increment/(decrement)		(1,490)	-	(1,490)	-
Transfers to other reserves	9.1(b)	-	(164)	-	164
Balance at end of the financial year		249,551	136,442	112,380	729

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Benalla Rural City Council
2020/2021 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		18,982	18,507
Statutory fees and fines		546	662
User fees		4,302	4,261
Grants - operating		8,853	7,039
Grants - capital		8,048	2,876
Contributions - monetary		373	528
Interest received		30	125
Net GST refund/payment		1,005	1,353
Employee costs		(12,656)	(11,905)
Materials and services		(12,342)	(14,175)
Short-term, low value and variable lease payments		(250)	(195)
Receipts from other Income		(285)	-
Trust Funds received		(50)	-
Other payments		(345)	(260)
Net cash provided by/(used in) operating activities	9.2	16,211	8,816
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(5,966)	(5,049)
Proceeds from sale of property, infrastructure, plant and equipment		-	7
Payments for investments		(7,882)	-
Proceeds from sale of investments		-	919
Payments for intangible assets		(2)	(112)
Net cash provided by/(used in) investing activities		(13,850)	(4,235)
Cash flows from financing activities			
Finance costs		(92)	(135)
Proceeds from borrowings		1,900	-
Repayment of borrowings		(897)	(880)
Interest paid - lease liability		(31)	(33)
Repayment of lease liabilities		(406)	(280)
Net cash provided by/(used in) financing activities		474	(1,328)
Net increase (decrease) in cash and cash equivalents		2,835	3,253
Cash and cash equivalents at the beginning of the financial year		9,577	6,324
Cash and cash equivalents at the end of the financial year		12,412	9,577
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

The above statement of cash flows should be read in conjunction with the accompanying notes.

**Statement of Capital Works
For the Year Ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
Property			
Buildings		1,192	314
Total buildings		<u>1,192</u>	<u>314</u>
Total property		<u>1,192</u>	<u>314</u>
Plant and equipment			
Plant, machinery and equipment		820	39
Fixtures, fittings and furniture		46	6
Computers and telecommunications		390	213
Library books		85	92
Total plant and equipment		<u>1,341</u>	<u>350</u>
Infrastructure			
Roads		1,450	3,195
Footpaths and cycleways		216	91
Drainage		11	-
Waste management		1,053	222
Parks, open space and streetscapes		524	840
Aerodromes		-	93
Off street car parks		175	14
Other infrastructure		5	-
Total infrastructure		<u>3,434</u>	<u>4,455</u>
Total capital works expenditure		<u>5,967</u>	<u>5,119</u>
Represented by:			
New asset expenditure		3,212	1,677
Asset renewal expenditure		1,880	2,110
Asset expansion expenditure		181	-
Asset upgrade expenditure		694	1,332
Total capital works expenditure		<u>5,967</u>	<u>5,119</u>

The above statement of capital works should be read in conjunction with the accompanying notes.

Notes to the Financial Report For the Year Ended 30 June 2021

OVERVIEW

Introduction

The Benalla Rural City Council was established by an Order of the Governor in Council on 28 October 2002 and is a body corporate. The Council's main office is located at the Customer Service Centre, 1 Bridge Street East, Benalla.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable (refer to Note 8.2)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(b) Impact of Covid-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. While the impacts of the pandemic have abated somewhat through the 2020-21 year, the Council has noted the following significant impacts on its financial operations:

- Additional revenue - \$1.340 million grant funding received across many services including:

Working For Victoria Grant Funding \$0.612 million

Local Roads and Community Infrastructure Grant Agreement Phase 1 \$0.398 million

COVID-19 community activation and social isolation initiative \$90,000

- Revenue reductions – user fees associated with facilities which have been required to close at times such as Benalla Aerodrome, Benalla Art Gallery, Cinema and Library facility.
- Revenue foregone – the Council adopted COVID-19 Financial Hardship Policy throughout 2020/21 has reduced revenue from local law fines during period and nil interest charges on unpaid rates and charges during the pandemic.
- Additional costs – which relate to grant funding \$0.718 million in various areas including employee costs \$0.292 million and materials and services.
- Asset Values - Land values in the Council area have increased significantly with COVID being a driver of this movement. COVID restrictions have seen increased demand for regional properties based on population movements out of metropolitan areas. A \$6.7 million indexation based valuation increase on land assets has been accounted for in the current financial year.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
Income					
Rates and charges	18,905	19,027	122	1%	1
Statutory fees and fines	439	546	107	24%	2
User fees	4,248	4,302	54	1%	
Grants - operating	4,421	9,400	4,979	113%	3
Grants - capital	2,090	3,940	1,850	89%	4
Contributions - monetary	143	373	230	161%	5
Contributions - non monetary	-	146	146	0%	6
Net (loss) on disposal of property, infrastructure, plant and equipment	25	(99)	(124)	-496%	7
Other income	164	134	(30)	-18%	8
Total income	30,435	37,769	7,334	24%	
Expenses					
Employee costs	12,576	12,806	(230)	-2%	9
Materials and services	12,016	12,267	(251)	-2%	10
Depreciation	7,027	6,419	608	9%	11
Amortisation - Intangible assets	358	387	(29)	-8%	
Amortisation - Right of use assets	311	402	(91)	-29%	12
Bad and doubtful debts	15	14	1	7%	
Borrowing costs	108	92	16	15%	13
Finance costs - Leases	37	31	6	16%	14
Other expenses	377	(118)	495	131%	15
Total expenses	32,825	32,300	525	2%	
Surplus/(deficit) for the year	(2,390)	5,469	7,859	329%	

**Notes to the Financial Report
For the Year Ended 30 June 2021**

1.1 Income and expenditure (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Increases in rates and charges includes supplementary rates raised \$143,000. No interest income for year on outstanding rates.
2	Statutory fees and fines	Significantly higher building fees \$89,830 and planning fees \$27,683 received offset by reduced compliance area fines \$5,286 and library fees \$3,237 as service delivery impacted by COVID closures.
3	Grants - operating	Additional \$2.2 million in recurrent operational income (Financial Assistance Grants) attributable to the 2021/22 financial year was received in June 2021. Additional grant funds: Working For Victoria grant \$0.612 million, Youth Programs & Family Support Services projects \$0.327 million, Transfer Station Upgrade Fund \$0.32 million, additional Business Development grants \$0.221 million, Drought Communities Program \$0.41 million, Environmental Projects \$94,649.
4	Grants - capital	Additional grant income Benalla Foreshore Funding \$0.62 million, Arundel Street Sport Precinct Upgrade \$0.188 million, Drought Communities Program \$0.48 million, Local Road and Community Infrastructure Fund \$0.398 million, Sustainability Victoria -Transfer Station and E-Waste Shed \$100,000, Rural ICT Support Package \$100,000.
5	Contributions - monetary	Contributions received towards community projects.
6	Contributions - non monetary	Recognition of Volunteer Services \$92,000 and donation of items towards Benalla Art Gallery Collection assets \$54,000.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	No disposal income from sale of major plant and machinery, property improvements loss from 2 Mair Street, Benalla demolished property incorporated land into car park \$99,000 loss.
8	Other income	Reduced return on investments due to decreased interest rates reduced income by \$110,000, offset by reimbursements from insurance \$81,000.
9	Employee costs	Increase employee costs associated with grant funded projects, such as, Working for Victoria 26 positions \$0.262 million.
10	Materials and services	Increased materials costs associated with grant/sponsor funded projects, including Community Support programs \$302,477, Drought Communities Program - SMARTY Grant \$270,995, Business Development projects \$134,530, Environmental Sustainability projects \$94,649, Benalla Art Gallery "Undercurrent" program \$57,789. Other services reduced expenditure against budget as COVID impact caused closure of facilities, including Benalla Aquatic Centre \$486,940 and the Benalla Performing Arts and Convention Centre \$36,204. Risk Management insurance \$107,272 less than budgeted.
11	Depreciation	Reduced depreciation charges as community building and facilities projects \$0.597 million and waste services projects \$0.448 million not finalised in 2020/21. Offset by increased depreciation on infrastructure assets \$0.473 million.
12	Amortisation - Right of use assets	Additional right of use assets entered into, leading to increased amortisation on these assets. Additional leases related to grant funded projects requiring additional access to vehicles.
13	Borrowing costs	Reduced borrowing costs due to decreases in variable interest rates.
14	Finance costs - Leases	Reduction in finance costs associated with delays in obtaining new vehicles to replace existing fleet due to COVID related supply issues.
15	Other expenses	A gain was made on revaluation of the Landfill Rehabilitation provision based on revised inflation and discount rates applied to this calculation.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

1.2 Capital works

	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	600	543	(57)	-10%	1
Building improvements	1,535	649	(886)	-58%	2
Total buildings	2,135	1,192	(943)	-44%	
Total property	2,135	1,192	(943)	-44%	
Plant and equipment					
Plant, machinery and equipment	820	820	-	0%	
Fixtures, fittings and furniture	42	45	3	7%	
Computers and telecommunications	290	391	101	35%	3
Library books	96	85	(11)	-11%	4
Total plant and equipment	1,248	1,341	93	7%	
Infrastructure					
Roads	1,300	1,450	150	12%	5
Footpaths and cycleways	164	216	52	32%	6
Drainage	25	11	(14)	-56%	7
Waste management	3,407	1,053	(2,354)	-69%	8
Parks, open space and streetscapes	-	523	523	0%	9
Other Infrastructure	-	6	6	0%	
Off street car parks	120	175	55	46%	10
Total infrastructure	5,016	3,434	(1,582)	-32%	
Total capital works expenditure	8,399	5,967	(2,432)	-29%	
Represented by:					
New asset expenditure	2,910	3,212	302	10%	
Asset renewal expenditure	3,865	1,880	(1,985)	-51%	
Asset expansion expenditure	-	181	181	0%	
Asset upgrade expenditure	1,624	694	(930)	-57%	
Total capital works expenditure	8,399	5,967	(2,432)	-29%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	Arundel Street Ovals Facility - Multi-Purpose Community and Recreation Pavilion project commenced in 19/20 balanced finalised in 20/21.
2	Building improvements	Drought Funding (Australian Government) funded community building works \$0.397 million including works at the Benalla Aquatic Centre \$0.297 million, Visitors, Cinema and History - Co-location in Benalla project delayed construction grant budgeted \$0.5 million.
3	Computers and telecommunications	Additional grant funding received Rural ICT Support Package Grant \$100,000 for COVID IT improvements.
4	Library books	Council contribution towards Library Hub book stock determined by census population figures which reduced in 2020, applies ongoing in 20/21 year.
5	Roads	Additional grant funding received Local Road and Community Infrastructure Fund (Australian Government) for Old Farnley Road upgrade \$84,587, Ackerly Avenue road resal \$53,639.
6	Footpaths and cycleways	Additional grant funding received Local Road and Community Infrastructure Fund (Australian Government) funding works at Shawbrook Avenue \$24,180 and Baddaginnie Road \$9,528.
7	Drainage	Drainage works on kerb and channel \$15,618 have been incorporated in road works values.
8	Waste management	Approval for Cell 3 construction program and planned Landfill - Rehabilitation delayed until 2021/22.
9	Parks, open space and streetscapes	Additional grant funding received Lakeside Precinct Building Works Package Federal Government - Playground Equipment and Boulder Park Project.
10	Off street car parks	Additional grant funding received Lakeside Precinct Building Works Package Federal Government - Mair Street Car Park Project.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Chief Executive Officer Division

Corporate Division

2 (a) Chief Executive Officer Division

The Chief Executive division oversees the running of the entire organisation, including the Economic Development and Environment and Sustainability.

Corporate Division

The Corporate Division coordinates a wide range of services for the community through its various programs: Arts, Communication, Tourism and Events, Capital Projects, Community, Development, Facilities, Finance, Operations, People and Performance.

2 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Chief Executive Officer Division	1,057	1,526	(469)	1,012	-
Corporate Division	36,712	30,774	5,938	12,328	288,578
	37,769	32,300	5,469	13,340	288,578
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Chief Executive Officer Division	406	1,376	(970)	209	-
Corporate Division	35,111	38,038	(2,927)	10,011	270,394
	35,517	39,414	(3,897)	10,220	270,394

**Notes to the Financial Report
For the Year Ended 30 June 2021**

Note 3 Funding for the delivery of our services	2021	2020
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its land plus all improvements on that land.

The valuation base used to calculate general rates for 2020/21 was \$3.083 billion (2019/20 \$3.050 billion).

General rates	13,371	12,915
Municipal charge	1,954	1,883
Waste management charge	3,525	3,251
Cultural and Recreational properties	20	20
Supplementary rates and rate adjustments	143	139
Interest on rates and charges	-	53
Revenue in lieu of rates	14	226
Total rates and charges	19,027	18,487

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation will be first applied in the rating year commencing 1 January 2021.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Infringements and costs	13	20
Town planning fees	218	387
Land information certificates	19	17
Permits	295	238
Total statutory fees and fines	546	662

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

3.3 User fees

Aged and health services	621	462
Leisure centre and recreation	618	1,105
Children and Youth	1	16
Parking	27	-
Registration and other permits	288	276
Building services	15	-
Waste management services	2,502	2,239
Operations	139	103
Other fees and charges	91	60
Total user fees	4,302	4,261
User fees by timing of revenue recognition		
User fees recognised at a point in time	4,302	4,261
Total user fees	4,302	4,261

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021	2020
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	7,603	6,508
State funded grants	5,736	3,711
Total grants received	13,340	10,219
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	4,370	4,258
General home care	716	759
Recurrent - State Government		
Aged care	201	235
School crossing supervisors	59	79
Libraries	153	150
Maternal and child health	490	202
Creative Arts Victoria	105	105
Youth Programs & Family Support	667	476
Fire Service Property Levy Administrative Support Funding	45	44
Emergency Resourcing	113	-
Total recurrent operating grants	6,920	6,308
	2021	2020
	\$'000	\$'000
Non-recurrent - Commonwealth Government		
Drought Communities Funding	410	-
Environmental planning	141	165
Paid Parental Leave	29	25
COVID-19 Emergency Support	50	12
Local Road and Community Infrastructure	35	-
Non-recurrent - State Government		
Walk to School Project	-	15
Environmental Projects	404	38
Emergency Resourcing	-	47
Resilient Communities	-	35
Youth Programs & Family Support	327	63
Planning Projects	62	39
Maternal Child Health	17	8
Facilities	-	373
Economic Development	834	-
Building Surveyors Program	75	-
COVID-19 Support	15	-
Art Gallery Consultation Funding	45	-
Other	37	22
Total non-recurrent operating grants	2,480	842
Total operating grants	9,400	7,150

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021 \$'000	2020 \$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	975	1,146
Total recurrent capital grants	975	1,146
<i>Non-recurrent - Commonwealth Government</i>		
Airport Redevelopment	-	143
Drought Communities Funding	480	-
Local Road and Community Infrastructure	398	-
<i>Non-recurrent - State Government</i>		
Regional Jobs and Infrastructure - Visitor Information Centre	75	-
Sustainability Victoria - Building Energy Upgrades	-	81
Sustainability Victoria - Transfer Station	325	95
Sustainability Victoria - E-Waste Shed	100	-
Department of Health & Human Services - Arundel Street Sport Precinct Upgrade	488	6
Regional Roads Victoria	-	1,098
Department of Jobs, Precincts and Regions - Benalla Splash Park	380	500
Benalla Foreshore Funding	620	-
Rural ICT Support Package	100	-
Total non-recurrent capital grants	2,965	1,923
Total capital grants	3,940	3,069
(c) Unspent grants received on condition that they be spent in a specific manner		
<i>Operating</i>		
Balance at start of year	806	917
Received during the financial year and remained unspent at balance date	259	549
Received in prior years and spent during the financial year	(806)	(660)
Balance at year end	259	806
<i>Capital</i>		
Balance at start of year	437	631
Received during the financial year and remained unspent at balance date	4,546	250
Received in prior years and spent during the financial year	(437)	(444)
Balance at year end	4,546	437

Operating grant income with sufficiently specific performance obligations is recognised over time, in accordance with AASB 15, as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific operating grant revenue is recognised, in accordance with AASB 1058, on the earlier of receive or when unconditional right to receipt has been established.

Capital grants are recognised over time, in accordance with AASB 1058, when the obligations of the underlying agreements are met. This is normally in line with the stage of completion of the underlying non-financial assets being constructed.

3.5 Contributions

Monetary	373	586
Non-monetary	146	1,021
Total contributions	519	1,607
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Roads - Williams Road	-	264
Gifted Roads From Subdivisions	-	369
Art Collection	54	-
<i>Contributions of non monetary services were received in relation to the following.</i>		
Recognition of Volunteer Services	92	388
Total non-monetary contributions	146	1,021

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

Recognition of the non monetary value of volunteer services are recognised as both revenue and expense in the year the service is provided.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021	2020
	\$'000	\$'000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	-	7
Written down value of assets disposed	(99)	(3)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(99)	4

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

3.7 Other income

Interest	30	125
Other	104	152
Total other income	134	277

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	11,371	10,617
WorkCover	357	298
Superannuation	1,031	1,031
Fringe benefits tax	47	34
Total employee costs	12,806	11,980

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	59	76
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	484	491
Employer contributions - other funds	488	464
Employer contributions payable at reporting date.	120	104

Refer to note 9.3 for further information relating to Council's superannuation obligations.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021	2020
	\$'000	\$'000
4.2 Materials and services		
Materials and Services	1,714	1,630
Contract Payments	5,019	5,518
Vehicle Expenses	918	754
Services non contract	807	594
Machine Hire	109	161
Contract Staff	152	97
Consultants General	172	216
Environmental Protection Authority Levy	483	494
Electricity and Utilities	403	562
Exhibition/Performance Costs	89	173
Insurance	504	506
Memberships and Subscriptions	151	141
Repairs and Maintenance	292	349
Advertising and Promotion	70	104
Cleaning Expenses	199	171
Legal Expenses	85	95
Staff and Councillor Training / Courses	82	90
Telephone	113	118
Management Committees	138	139
Volunteers Services	93	388
Other	676	1,131
Total materials and services	12,267	13,431

Refer note 3.5 Contributions for further information relating to Volunteers Services.

4.3 Depreciation

Property	502	504
Plant and equipment	502	498
Infrastructure	5,415	5,691
Total depreciation	6,419	6,693

Refer to note 5.2(c), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Intangible assets

Software	30	18
Airspace at Landfill	357	494
Total Amortisation - Intangible assets	387	512

4.5 Amortisation - Right of use assets

Vehicles	248	181
Plant, machinery and equipment	154	116
Total Amortisation - Right of use assets	402	297

**Notes to the Financial Report
For the Year Ended 30 June 2021**

4.6 Bad and doubtful debts	2021	2020
	\$'000	\$'000
Other debtors	14	31
Total bad and doubtful debts	14	31
Movement in provisions for doubtful debts		
Balance at the beginning of the year	34	34
New provisions recognised during the year	14	34
Amounts already provided for and written off as uncollectible	(14)	(31)
Amounts provided for but recovered during the year	(21)	(3)
Balance at end of year	13	34

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.7 Borrowing costs

Interest - Borrowings	92	135
Total borrowing costs	92	135

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.8 Finance Costs - Leases

Interest - Lease Liabilities	31	33
Total finance costs	31	33

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	47	41
Auditors' remuneration - Internal	10	13
Councillors' allowances	189	201
Contributions - Community Support and Events Street Art	99	129
Recognition of increase / (reduction) landfill rehabilitation provision	(463)	1,269
Revaluation decrement recognised in Drainage and Book stock	-	4,649
Total other expenses	(118)	6,302

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	2	2
Cash at bank	12,410	9,575
Total cash and cash equivalents	12,412	9,577

(b) Other financial assets

Term deposits - current	12,208	4,326
Total other financial assets	12,208	4,326
Total financial assets	24,620	13,903

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	839	889
Total restricted funds	839	889
Total unrestricted cash and cash equivalents	11,573	8,688

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- cash held to fund carried forward capital works	3,375	2,029
- unexpended grants	4,805	1,243
Total funds subject to intended allocations	8,180	3,272

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021 \$'000	2020 \$'000
(c) Trade and other receivables		
Current		
Rates debtors	1,266	1,221
GST - BAS Refunds	(116)	104
Other debtors	10	77
Other debtors	918	571
Provision for doubtful debts - other debtors	(13)	(34)
Total current trade and other receivables	2,065	1,939

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	707	424
Past due by up to 30 days	119	85
Past due between 31 and 180 days	20	34
Past due between 181 and 365 days	56	19
Past due by more than 1 year	2	9
Total trade and other receivables	904	571

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$14,000 (2020: \$34,000) were impaired. The amount of the provision raised against these debtors was \$13,000 (2020: \$34,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Past due between 31 and 180 days	(6)	-
Past due between 181 and 365 days	(5)	-
Past due by more than 1 year	(2)	(34)
Total trade and other receivables	(13)	(34)

**Notes to the Financial Report
For the Year Ended 30 June 2021**

5.2 Non-financial assets	2021	2020
(a) Inventories	\$'000	\$'000
Inventories held for distribution	34	20
Total inventories	34	20

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other assets

Prepayments	170	139
Accrued income	1	-
Total other assets	171	139

(c) Intangible assets

Software	66	94	
Landfill air space	223	580	
Total intangible assets	289	674	
	Software	Landfill	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 July 2020	112	1,074	1,186
Additions from internal developments	-	-	-
Other additions	2	-	2
Balance at 1 July 2021	114	1,074	1,188
Accumulated amortisation and impairment			
Balance at 1 July 2020	18	494	512
Amortisation expense	30	357	387
Balance at 1 July 2021	48	851	899
Net book value at 30 June 2020	94	580	674
Net book value at 30 June 2021	66	223	289

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021	2020
	\$'000	\$'000
5.3 Payables		
(a) Trade and other payables		
Trade payables	1,661	1,173
Accrued expenses	332	370
Total trade and other payables	1,993	1,543
(b) Trust funds and deposits		
Refundable deposits	328	309
Retention amounts	93	156
Other refundable deposits	418	424
Total trust funds and deposits	839	889

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

(c) Unearned income

Grants received in advance - operating	259	806
Grants received in advance - capital	4,546	438
Other	18	127
Total unearned income	4,823	1,371

5.4 Interest-bearing liabilities

Current

Borrowings - secured	1,107	898
	1,107	898

Non-current

Borrowings - secured	3,796	3,002
	3,796	3,002
Total	4,903	3,900

Borrowings are secured by a charge over general rates.

(a) The maturity profile for Council's borrowings is:

Not later than one year	1,107	898
Later than one year and not later than five years	2,474	2,445
Later than five years	1,321	557
	4,902	3,900

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

5.5 Provisions

	Employee	Landfill restoration	Total
2021	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	3,043	9,471	12,514
Additional provisions	950	-	950
Amounts used	(775)	-	(775)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(25)	(463)	(488)
Balance at the end of the financial year	3,193	9,008	12,201
2020			
Balance at beginning of the financial year	2,968	8,202	11,170
Additional provisions	959	935	1,894
Amounts used	(910)	-	(910)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	26	334	360
Balance at the end of the financial year	3,043	9,471	12,514
	2021	2020	
	\$'000	\$'000	
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual Leave	1,036	915	
Long service leave	134	110	
	1,170	1,025	
Current provisions expected to be wholly settled after 12 months			
Long service leave	1,746	1,837	
	1,746	1,837	
Total current employee provisions	2,916	2,862	
Non-current			
Long service leave	277	181	
Total non-current employee provisions	277	181	
Aggregate carrying amount of employee provisions:			
Current	2,916	2,862	
Non-current	277	181	
Total aggregate carrying amount of employee provisions	3,193	3,043	

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:	2021	2020
- discount rate	0.89%	0.57%
- index rate	2.00%	2.00%
	2021	2020
	\$'000	\$'000
(b) Landfill restoration		
Current	1,317	617
Non-current	7,691	8,854
	9,008	9,471

Council is obligated to restore Benalla Landfill and Resource Recovery Centre landfill site located at Old Famley Road, Benalla to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

Inflation Rate	1.20%	1.20%
Settlement Rate	30 Years	30 Years
Weighted Average Discount Rate	0.89%	0.57%

**Notes to the Financial Report
For the Year Ended 30 June 2021**

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2021.

	2021 \$'000	2020 \$'000
Credit card facilities	100	100
Fixed Rate Loan Facilities	4,902	3,900
Total facilities	5,002	4,000
Used facilities	4,964	3,929
Unused facilities	38	71

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Kerbside waste, recyclables, organics collection	1,600	1,600	1,600	-	4,799
Management of Aquatic Centre	650	650	1,300	-	2,600
Recycling	340	340	340	-	1,020
High Country Library Network	210	210	-	-	420
Organics acceptance and processing	190	-	-	-	190
Cleaning contracts for council buildings	170	170	510	-	850
Food Services - Meals for delivery	156	-	-	-	156
Powerline Clearance, Property Service Line Clearance & Auditing Service	120	300	-	-	420
Animal Management	100	100	-	-	200
Building HVAC Maintenance	68	-	-	-	68
Landfill dry hire compactor	58	70	140	-	268
Landfill - Consulting and reporting	45	135	-	-	180
After Hours Call Management	12	11	-	-	23
HLCN RFID Supply, Installation & Maintenance	4	4	-	-	8
Total	3,722	3,590	3,890	-	11,202
Capital					
Buildings	50	-	-	-	50
Roads	425	-	-	-	425
Waste - Cell Construction / audit	1,989	-	-	-	1,989
Total	2,464	-	-	-	2,464
2020					
2020	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Kerbside waste, recyclables	1,600	1,600	3,200	-	6,399
Recycling	260	260	520	-	1,040
Organics acceptance and processing	187	187	-	-	374
Cleaning contracts for council buildings	190	190	380	-	761
Food Services - Meals for delivery	141	70	-	-	211
Landfill - Consulting and reporting	128	45	135	-	308
Animal Management	100	100	-	-	200
Powerline Clearance, Property Service Line Clearance & Auditing Service	90	120	300	-	510
Total	2,696	2,572	4,535	-	9,802
Capital					
Plant - major plant item	432	-	-	-	432
Roads	17	-	-	-	17
Total	449	-	-	-	449

**Notes to the Financial Report
For the Year Ended 30 June 2021**

5.8 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms. Council has not entered into any peppercorn leases.

Right-of-Use Assets

	Vehicles \$'000	Plant, machinery and equipment \$'000	Total \$'000
Balance at 1 July 2020	418	192	610
Additions	253	-	253
Amortisation charge	(248)	(154)	(402)
Balance at 30 June 2021	423	38	461

Lease Liabilities

	2021 \$'000	2020 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	340	405
One to five years	204	271
Total undiscounted lease liabilities as at 30 June:	544	676

Lease liabilities included in the Balance Sheet at 30 June:

Current	277	365
Non-current	197	261
Total lease liabilities	474	626

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2021 \$'000	2020 \$'000
Expenses relating to:		
Short-term leases	149	101
Leases of low value assets	101	94
Total	250	195
Variable lease payments (not included in measurement of lease)	-	-

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:		
Within one year	26	45
Total lease commitments	26	45

**Notes to the Financial Report
For the Year Ended 30 June 2021**

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Fair Value 30 June 2021 \$'000
Property	59,565	1,125	-	6,698	(502)	(99)	73	66,860
Plant and equipment	27,561	1,341	54	24	(502)	-	54	28,532
Infrastructure	163,958	2,871	-	1,604	(5,415)	-	1,804	164,822
Work in progress	2,025	630	-	-	-	-	(1,931)	724
	253,109	5,967	54	8,326	(6,419)	(99)	-	260,938

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	67	67	(67)	67
Infrastructure	1,958	563	(1,864)	657
Total	2,025	630	(1,931)	724

**Notes to the Financial Report
For the Year Ended 30 June 2021**

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	19,594	10,122	7,996	37,712	-	37,796	4,633	42,429	67	80,208
Accumulated depreciation at 1 July 2020	-	-	-	-	-	(17,540)	(3,036)	(20,576)	-	(20,576)
	19,594	10,122	7,996	37,712	-	20,256	1,597	21,853	67	59,632
Movements in fair value										
Additions	-	-	-	-	-	1,107	18	1,125	67	1,192
Revaluation	3,315	1,504	1,879	6,698	-	-	-	-	-	6,698
Disposal	-	-	-	-	-	-	(241)	(241)	-	(241)
Transfers	-	-	-	-	-	73	-	73	(67)	6
	3,315	1,504	1,879	6,698	-	1,180	(223)	957	-	7,655
Movements in accumulated depreciation										
Depreciation	-	-	-	-	-	(445)	(57)	(502)	-	(502)
Accumulated depreciation of disposals	-	-	-	-	-	-	142	142	-	142
	-	-	-	-	-	(445)	85	(360)	-	(360)
At fair value 30 June 2021	22,909	11,626	9,875	44,410	-	38,976	4,410	43,386	67	87,863
Accumulated depreciation at 30 June 2021	-	-	-	-	-	(17,985)	(2,951)	(20,936)	-	(20,936)
	22,909	11,626	9,875	44,410	-	20,991	1,459	22,450	67	66,927

**Notes to the Financial Report
For the Year Ended 30 June 2021**

(b) Plant and Equipment

	Art Works	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecoms	Library books	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	25,328	3,297	1,973	767	763	32,127
Accumulated depreciation at 1 July 2020		(1,844)	(1,758)	(474)	(490)	(4,566)
	25,328	1,453	215	293	273	27,561
Movements in fair value						
Additions	-	820	46	390	85	1,341
Contributions	54	-	-	-	-	54
Revaluation	-	-	-	-	2	2
Transfers	-	-	-	54	-	54
	54	820	46	444	87	1,451
Movements in accumulated depreciation						
Depreciation	-	(209)	(57)	(160)	(76)	(502)
Revaluation	-	-	-	-	22	22
	-	(209)	(57)	(160)	(54)	(480)
At fair value 30 June 2021	25,382	4,117	2,019	1,211	850	33,578
Accumulated depreciation at 30 June 2021	-	(2,053)	(1,815)	(634)	(544)	(5,046)
	25,382	2,064	204	577	306	28,532

**Notes to the Financial Report
For the Year Ended 30 June 2021**

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	205,589	41,002	7,731	22,573	192	2,875	871	3,029	52	51	1,958	285,922
Accumulated depreciation at 1 July 2020	(77,245)	(22,724)	(4,146)	(13,115)	(148)	(1,204)	(130)	(1,257)	(8)	(29)	-	(120,006)
	128,344	18,278	3,585	9,458	44	1,671	741	1,772	44	22	1,958	165,916
Movements in fair value												
Additions	1,333	-	216	-	-	876	441	-	-	5	563	3,434
Revaluation	141	-	-	3,522	-	-	-	-	-	-	-	3,663
Disposal	-	-	-	-	-	-	-	-	-	(24)	-	(24)
Transfers	(724)	-	79	-	-	155	840	-	1,454	-	(1,864)	(60)
	750	-	295	3,522	-	1,031	1,281	-	1,454	(19)	(1,301)	7,013
Movements in accumulated depreciation												
Depreciation	(3,265)	(437)	(111)	(456)	(13)	(840)	(123)	(144)	(19)	(7)	-	(5,415)
Revaluation	(44)	-	-	(2,015)	-	-	-	-	-	-	-	(2,059)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	24	-	24
Transfers	699	-	(38)	-	-	-	-	-	(661)	-	-	-
	(2,610)	(437)	(149)	(2,471)	(13)	(840)	(123)	(144)	(680)	17	-	(7,450)
At fair value 30 June 2021	206,339	41,002	8,026	26,095	192	3,906	2,152	3,029	1,506	32	657	292,935
Accumulated depreciation at 30 June 2021	(79,855)	(23,161)	(4,295)	(15,586)	(161)	(2,044)	(253)	(1,401)	(688)	(12)	-	(127,456)
	126,484	17,841	3,731	10,509	31	1,862	1,899	1,628	818	20	657	165,479

**Notes to the Financial Report
For the Year Ended 30 June 2021**

6.1 (c) Property, infrastructure, plant and equipment (cont.)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

<i>Asset recognition thresholds and depreciation periods</i>	Depreciation Period	Threshold Limit \$'000
Land & land improvements		
land		-
land improvements	60 - 100 years	5
Buildings		
buildings	60 - 100 years	5
building and leasehold improvements	60 - 100 years	5
Plant and Equipment		
heritage plant and equipment	4 - 33 years	5
plant, machinery and equipment	4 - 33 years	5
Infrastructure		
roads - pavements, substructure, formation and earthworks	15 - 200 years	5
roads - kerb, channel and minor culverts and other	80 - 100 years	5
bridges - deck and substructure	80 - 100 years	5
bridges - others	80 - 100 years	5
aerodromes	80 - 100 years	5
others	80 - 100 years	5
Intangible assets	1 - 10 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Notes to the Financial Report For the Year Ended 30 June 2021

6.1 (c) Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Marcus L W Hann, AAPI, Certified Practising Valuer, of LG Valuation Services. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year on Land, this valuation was based on, indices issued by the Valuer-General Victoria (VGV) for the financial year 1/07/2019 to 30/06/2021, a full revaluation of these assets will be conducted in 2021/22.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2021 are as follows:

	\$'000	\$'000	\$'000	
	Level 1	Level 2	Level 3	Date of Valuation
Non specialised land	-	11,626	-	Jun-19
Specialised land	-	-	22,909	Jun-19
Land under roads	-	-	9,875	Jun-19
Buildings specialised	-	-	20,991	Jun-19
Non specialised Buildings	-	1,459	-	Jun-19
Total	-	13,085	53,775	

Valuation of infrastructure

Valuation of infrastructure assets has been determined by the Council's Asset Management Officer. The dates of the current valuations are detailed in the following table.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	126,484	Jun-19
Bridges	-	-	17,841	Jun-19
Footpaths and cycleways	-	-	3,731	Jun-19
Drainage	-	-	10,509	Jun-21
Recreational, leisure and community facilities	-	-	31	Jun-19
Waste management	-	-	1,862	Jun-19
Parks, open space and streetscapes	-	-	1,899	Jun-19
Off street car parks	-	-	818	Jun-19
Aerodromes	-	-	1,628	Jun-19
Other infrastructure	-	-	20	Jun-19
Total	-	-	164,822	

Notes to the Financial Report For the Year Ended 30 June 2021

Valuation of Art Work

Valuation of art work assets has been determined by qualified independent valuer Simon Storey RSV, of Simon Storey Valuers, valued the collections on the basis of Fair Value under the Australian Accounting Standards Board (AASB13) "Fair Value Measurement" and (AASB116) "Property Plant & Equipment", DTF Guidelines FRD103F and other relevant accounting and valuations directives and guidance. The standard AASB13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assets valued in the Benalla Art Gallery Collection are considered to be level 2 in the AASB 13 Fair Value hierarchy. Briefly, level 2 is a measure of value against similar items in a similar market.

Values ascribed were obtained from current market values of like items as at 30 June 2019.

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$2,280 and \$28,712 per hectare.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$200 to \$2,400 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 60 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2021	2020
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	9,875	7,996
Land - specialised	22,909	19,594
Total specialised land	32,784	27,590

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021 No.	2020 No.
Note 7 People and relationships		
7.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
Benalla Rural City Council is the parent entity.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Councillor Danny Claridge (Mayor) (Oct 2020 - 30 June 2021)	1	1
Councillor Bernie Hearn (Deputy Mayor) (Oct 2020 - 30 June 2021)	1	1
Councillor Peter Davis (Oct 2020 - 30 June 2021)	1	1
Councillor Don Firth (Oct 2020 - 30 June 2021)	1	1
Councillor Punarji Hewa Gunaratne (Oct 2020 - 30 June 2021)	1	-
Councillor Justin King (Oct 2020 - 30 June 2021)	1	-
Councillor Gail O'Brien (Oct 2020 - 30 June 2021)	1	-
Councillor Barbara Alexander AO (July 2016 - Oct 2020)	1	1
Councillor Scott Upston (Oct 2016 - Oct 2020)	1	1
Councillor Willie van Wersch (Oct 2016 - Oct 2020)	1	1
Total Number of Councillors	10	7
Total of Chief Executive Officer and other Key Management Personnel	2	2
Chief Executive Officer		
Dom Testoni		
General Managers:		
Robert Barber		
Total Number of Key Management Personnel	12	9
(c) Remuneration of Key Management Personnel	2021	2020
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	566	571
Long-term benefits	10	10
Post employment benefits	36	35
Total	612	616
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	2021 No.	2020 No.
\$1 - \$9,999	3	-
\$10,000 - \$19,999	3	-
\$20,000 - \$29,999	3	5
\$30,000 - \$39,999	-	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$180,000 - \$189,99	1	1
\$220,000 - \$229,999	1	1
	12	9

**Notes to the Financial Report
For the Year Ended 30 June 2021**

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

The number of Senior Officers are shown below in their relevant income bands:

	2021	2020
Income Range:	No.	No.
\$151,000 -	2	2
\$290,000 -	1	-
	3	2
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted	609	307

7.2 Related party disclosure

(a) Transactions with related parties

There were no related party transactions exceeding \$5,000 - any related party transaction below \$5,000 are at arm's length and on normal commercial terms.

Related Party transaction 2020:

Council transactions with Councillor Willie van Wersch in 2019/20 totalled \$19,938: Council contribution towards construction costs of footpath (Council Asset) at 34 Nunn Street, Benalla associated with the building development being undertaken by him at that address \$14,960.

Footpath works undertaken at Council's request as a cost effective means of linking a newly constructed footpath outside a unit development to the existing footpath network. Developer's role as a councillor had no influence on the project nor payment.

Council contribution towards materials and construction costs for the erection of Christmas tree on pontoon in Lake Benalla \$4,987 payment was from savings in Mayoral and Councillor allowances allocated to community project.

(b) Outstanding balances with related parties

There are nil balances outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

There are no loans to / from related parties.

(d) Commitments to/from related parties

There are no commitments to / from related parties.

Notes to the Financial Report For the Year Ended 30 June 2021

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent Assets

Council has no contingent assets as at 30 June 2021 (2020: Nil)

(b) Contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 are \$45,000.

Bank Guarantees

Council operates a landfill at Lot 27B Old Farnley Road, Benalla. Council will have to carry out site rehabilitation works in the future and has been requested by the Environment Protection Authority to provide a \$400,000 Bank Guarantee as financial assurance in respect of this operation. At balance date Council has recognised a landfill rehabilitation provision to reflect the financial implications of such assurances.

Council has two Landfill Acceptance and Disposal contracts for the receipt of municipal waste which require Council to provide a total of \$164,960 Bank Guarantee as security in respect of these contracts. Each Landfill Acceptance and Disposal contract covers 9 years duration ending 30 June 2024.

Insurance claims

Council is not aware of any major insurance claims that could have a material impact on future operations.

Legal matters

Council is not aware of any major legal matters that could have a material impact on future operations.

Liability Mutual Insurance

Council is (was) a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

Notes to the Financial Report For the Year Ended 30 June 2021

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

Notes to the Financial Report For the Year Ended 30 June 2021

8.3 Financial instruments (cont.)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(b), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 0.13%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

Notes to the Financial Report For the Year Ended 30 June 2021

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2021			
Property			
Land and land improvements	21,664	4,819	26,483
Land under Roads	617	1,879	2,496
Buildings	5,884	-	5,884
	28,165	6,698	34,863
Infrastructure			
Roads	60,357	97	60,454
Bridges	5,494	-	5,494
Footpaths and cycleways	835	-	835
Drainage	-	1,507	1,507
Waste management	806	-	806
Parks, open space and streetscapes	235	-	235
Aerodromes	201	-	201
Art works	16,287	-	16,287
Library Stock	-	24	24
	84,215	1,628	85,843
Total asset revaluation reserves	112,380	8,326	120,706
2020			
Property			
Land and land improvements	21,664	-	21,664
Land under Roads	617	-	617
Buildings	5,884	-	5,884
	28,165	-	28,165
Infrastructure			
Roads	60,701	(344)	60,357
Bridges	5,494	-	5,494
Footpaths and cycleways	835	-	835
Drainage	1,069	(1,069)	-
Waste management	806	-	806
Parks, open space and streetscapes	235	-	235
Aerodromes	201	-	201
Art works	16,287	-	16,287
Library Stock	77	(77)	-
	85,705	(1,490)	84,215
Total asset revaluation reserves	113,870	(1,490)	112,380

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

9.1 Reserves (cont.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000
(b) Other reserves			
2021			
Resort and Recreation	155	13	168
Winton Land	10	-	10
Benalla Urban Grown Headworks Change	78	-	78
Lake Mokoan inlet Channel	486	70	556
Total Other reserves	729	83	812
2020			
Resort and Recreation	60	95	155
Winton Land	10	-	10
Benalla Urban Grown Headworks Change	78	-	78
Lake Mokoan inlet Channel	417	69	486
Total Other reserves	565	164	729

Reserve Nature and Purpose

Resort and Recreation Contributions made by developers for recreation purposes (minimum of 5% for any new developments for open space reserves).

Winton Land Originated from the former Shire of Benalla for a community project within the Winton township.

Benalla Urban Growth Headworks Charge Contributions made by developers for connection to the Benalla Urban Growth drainage system.

Lake Mokoan Inlet Channel A reserve of \$69,500 is to be made annually over the next 3 years to re-instate the compensation of \$695,000 received from Goulburn Murray Water in relation to the transfer of assets of the decommissioned Lake Mokoan Inlet Channel. The funding received under the terms of the agreement was to compensate the Council for the ongoing renewal of these assets and was not restricted.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

	2021	2020
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	5,469	(3,897)
Depreciation/amortisation	7,208	7,502
Profit/(loss) on disposal of property, infrastructure, plant and equipment	-	-
Contributions - Non-monetary assets	(54)	(633)
Borrowing Cost	92	135
Finance Cost - leases	31	33
Loss on disposals of Property, Plant & Equipment	99	-
Revaluation decrement through comprehensive income	-	4,649
Opening equity adjustment on implementation of AASB 1058 and AASB 15	-	(1,733)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(126)	801
(Increase)/decrease in prepayments	(33)	(42)
Increase/(decrease) in accrued income	-	(879)
Increase/(decrease) in trade and other payables	450	(3)
(Increase)/decrease in Unearned Income	3,452	1,371
(Increase)/decrease in inventories	(14)	13
Increase/(decrease) in trust funds and deposits	(50)	155
Increase/(decrease) in provisions	(313)	1,344
Net cash provided by/(used in) operating activities	16,211	8,816

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Accumulation

Council makes both employer and employee contributions to The Fund's accumulation category, Vision MySuper/Vision Super Saver, on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2021, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Benalla Rural City Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.6% pa

Salary information 2.5% pa for two years and 2.75% pa thereafter

Price inflation (CPI) 2.0% pa.

As at 30 June 2021, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category.

Vision Super has advised that the estimated VBI at June 2021 was 109.7%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Notes to the Financial Report For the Year Ended 30 June 2021

Employer contributions

Regular contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2020 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

	2020 (Triennial)	2019 (Interim)
	\$m	\$m
- A VBI Surplus	100	151.3
- A total service liability surplus	200	233.4
- A discounted accrued benefits surplus	217.8	256.7

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2020.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020.

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021.

**Notes to the Financial Report
For the Year Ended 30 June 2021**

10 Change in accounting policy

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

Council has adopted *AASB 1059 Service Concession Arrangements: Grantors* , from 1 July 2020.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

Council has adopted *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*, from 1 July 2020 .

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

Council has adopted *AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework* from 1 July 2020.

It is not expected that these standards will have any significant impact on council.

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